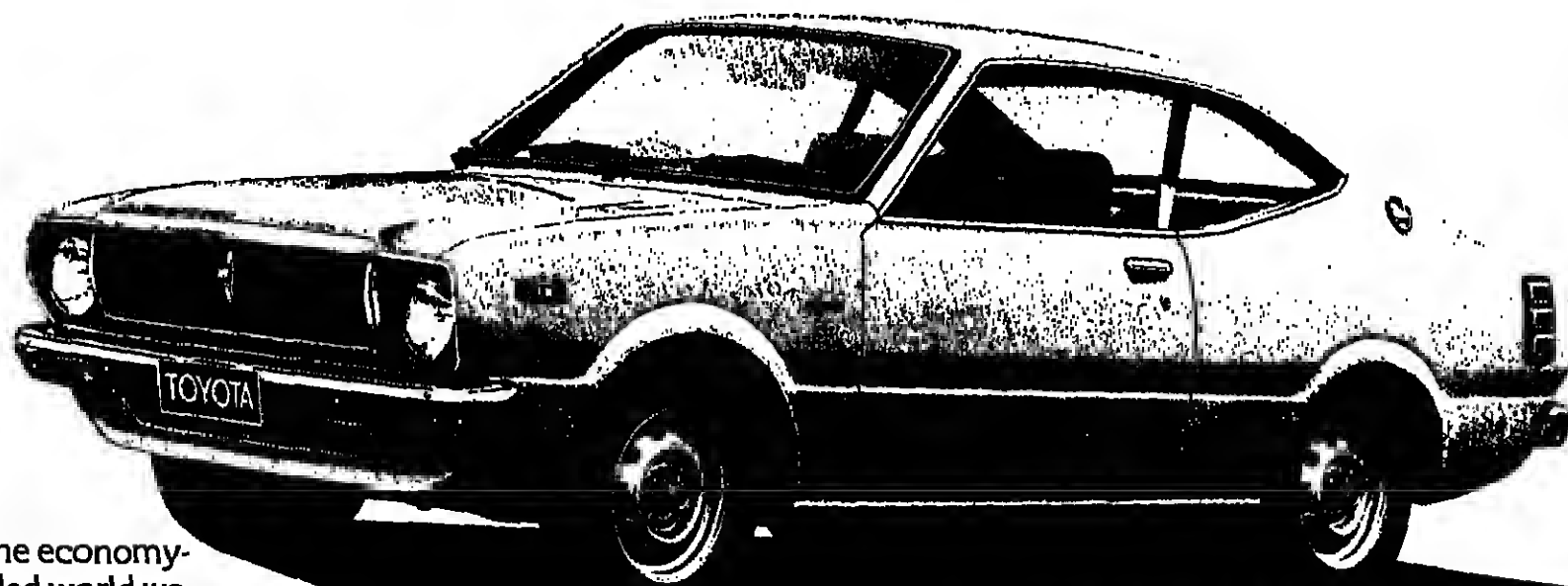


**Toyota cars  
are  
priced right,  
cost little to operate,  
are totally reliable,  
and last a long time.  
Perhaps that's why  
Toyota Corolla  
is the most popular economy car  
in the world.**



TOYOTA COROLLA

In the economy-minded world we live in, more and more people are turning to Toyota for the qualities they want in an automobile. They know each Toyota model line represents the total of Toyota knowledge and engineering that has been gathered in unceasing testing. They know their Toyota will withstand cold far below zero. And heat in excess of broiling deserts. They know that their Toyota is especially designed for driver comfort. They know their Toyota gives them the best value for their money... because they've shopped around. Compare. Shop around. Then come to Toyota for great automobile economy.

Building for the world we live in.

**TOYOTA**CONSOLIDATED MOTOR DISTRIBUTORS LTD.  
L.M.V.O.

# NATIONAL BUSINESS REVIEW

40 cents

Volume 9 No 4 (Issue 321) February 14, 1979

## Environment officials kept in dark about urea plant

NATURAL Gas Corporation executives last week were finalising the purchase of the \$55 million ammonia urea plant for Kepuni. Environmentalists, meantime, were involved in a fast ditch effort to persuade the Government to come clean with environmental, financial and marketing details.

The Environment and Conservation Organisations of New Zealand has been quizzing Cabinet ministers and other energy officials since the beginning of the year, in an effort to establish both the value of the plant to the country, and the possible environmental effects.

As recently as a fortnight

ago, Environment Minister Venn Young was apparently unable to tell it how the 158 tonnes of daily production would affect the country's grasslands economy.

Neither was anyone able to say how the development would relate to an orderly and well-planned development of the Maui gas resource.

Many energy people have been privately asking: "How long has the purchase of the plant occupied the minds of the small group of public servants?"

NBR has learnt that, for more than a year, at least one senior energy official has been actively pursuing purchase of

the plant. In that time, no information relating to the issues at the centre of the selection of the plant has been made public. During at least two meetings in Taranaki, details of the plant were kept secret, following a request from the Natural Gas Corporation (see NBR, December 20).

Even the Commission for the Environment has been kept in the dark. Acting commissioner John Wendick told us: "We discovered the scheme when there was a change in plans for the Oahu to Kepuni gas line." Politicians have been quick to point out that the forthcoming town planning hearings at the Waimate West

County Council will provide all the necessary information.

What they haven't said is that the Waimate West town planners have been provided with a consultant... retained by the Ministry of Works on behalf of the Natural Gas Corporation, to provide the basis of the case which will be put before the town planners.

Little has been heard from the Commission for the Environment since the Government turned down its request for a full environmental impact report for the scheme.

But on January 17, a letter was sent to the Natural Gas Corporation outlining environmental guidelines for the complex. A copy of the letter was sent to the Waimate West County Council.

In that letter, acting commissioner Wendick says: "As the commission has only very recently become involved with this project, in an auxiliary capacity, on environmental aspects, many of the details of the proposal

are still not known to us. Thus, these guidelines are generalised, and relate to the sorts of impacts that need to be anticipated for such industrial complexes in general. The commission does not yet have specific environmental guidelines for planning, developing and operating Maui gas-based industries."

For those who look to free and frank discussion on the State's involvement in our energy future, the commission's environmental guidelines promise a forum for debate, even though there is the possibility that parts of the plant will have been landed at Port Taranaki during the discussion.

More importantly, the Waimate West County Council has been told, albeit belatedly, those questions that should be asked during the town planning hearings. The council's manager Jack Dennett told us: "The council will be adhering to the commission's guidelines throughout the hearings."

## Inside

**BEHIND** Prime Minister Muldoon's recent threat to restore wage controls lies a belief among some economists that recent pay increases have been too big and that they are the major cause of unemployment, slow growth and the likely further deterioration in the balance of payments deficit this year.

Underlying the argument is the argument that wage and salary earners — by acting in their own interests — do not necessarily enhance the national interest.

NBR is fostering this debate in this and next week's issue. Our Economics Correspondent backgrounds the issue on Page 14.

**Employers' Federation** executive Max Bradford talks about the drawbacks of a Government-imposed incomes policy — Page 15.

**And** Kerry McDonald, Director of the Institute of Economic Research, asks if rewards to labour have outstripped productivity growth — Pages 16 and 17.

## Import licensing: more calls for relaxation

by Colin James

THE Planning Council has added a cautious and qualified voice to the growing clamour for relaxation of import licensing — and without provoking open disagreement by its manufacturer member, Ron Guthrie of McKilmum Industries.

Chairman Frank Holmes said last week on the release of the council's Economic Strategy, 1979 that while Guthrie had had reservations — preferring a greater emphasis on import substitution than the council would agree to — he had gone along with the report, though it was open to him to issue a dissenting minority report.

In a section headed "promoting a more effective and competitive economy", the council said that a devaluation for alternative measures designed to promote exchange saving, coupled with the tariff revision last year, would help protect industry.

"These circumstances would make it both opportune and desirable to effect a significant liberalisation of quantitative restrictions on imports into New Zealand," the council said.

"It is of vital importance that more New Zealand enterprises become internationally competitive."

To this end, the emphasis in industrial policy should shift towards assistance to enterprises to improve their productivity and contain costs and away from techniques which lead to wasteful use of resources and cost-plus at-



RON GUTHRIE... went along with report



SIR FRANK HOLMES...

titudes in business. "This means giving protection on a less discriminatory and more moderate basis, while at the same time bringing in measures which will enable more enterprises to thrive in the less protected environment."

"These aims would be furthered, not only by the liberalisation of import licensing, but also by faster progress towards freeing of trade and rationalisation of development with Australia under NAFTA, if this could be negotiated."

"The changes should be phased in to facilitate planned adjustment to the more liberal regime by enterprises which have been relying heavily on import licensing for protection or which are engaged in activities which could not be profitably sustained in freer competition with Australia," the council said.

Anti-dumping and emergency protection measures would also be necessary.

And there should be an accent on positive industrial assistance by the Government — such as resettlement and retraining assistance, investment allowances and stimulation of research and development.

Nervous manufacturers might also take hope from the cautious savor on devaluation. The devaluation debate is by no means over in official circles, the Treasury being reported as against it.

But the decision is Finance Minister Robert Muldoon's — and he has carefully left that door open.

See Economics Correspondent, page 7, on the council and Government expenditure; And P.V. O'Brien, page 10, advancing an alternative economic strategy.

## STRUCTURED SYSTEM ANALYSIS

A course for system analysts, consultants and data processing managers.

Wellington 3-5 April  
Christchurch 7-9 May  
Auckland 19-21 June

Most data processing users are aware that traditional, intuitive approaches to system definition and problem solving are inadequate. The analyst needs a disciplined approach and effective tools. STRUCTURED ANALYSIS provides these.

The 3-day courses are led by an experienced practitioner who uses STRUCTURED ANALYSIS methods on actual system definitions.

For further details mail this coupon to:

### SYSTEMS RESOURCES LIMITED

P.O. Box 30-860  
LOWER HUTT

(Telephone 696.492)

Please send me details of the Structured Systems Analysis Course.

NAME: \_\_\_\_\_

POSITION: \_\_\_\_\_

ORGANISATION: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

New Zealand's national weekly of business &amp; affairs



Registered at Post Office.  
Headquarters is a newspaper.

Incorporating Admark









POLITICS is full of ironies, funny and otherwise.

The Prime Minister, on his back in hospital last week, must have reflected on the irony of the situation facing his personal and his Government's future at present, even if he gave only scant thought to the future of New Zealand as a whole.

You see, Muldoon's political future, just like the National Party's political future, is in the balance. The fulcrum on which it rests is the issue of "restructuring" New Zealand's economy. So far, the Government has done a little more than pay lip service to the concept and only tampered with the mechanism governing change.

Like every major political event, the unfolding episode rests on one or two individuals, and that's what makes the business of politics so intriguing.

The present situation, however, must be put into an historical context.

A few weeks before last November's general election, it became increasingly evident to National Party organisers that the campaign was turning sour. The reason for the curdle centred on one man — the

SOAPBOX: a personal view by Reg Birchfield



Prime Minister. His tart disregard for the rights of many groups was no longer the acquired taste of an increasing segment of the electorate.

Large groups of voters were forced to vote for the third-party alternative (Social Credit) because Muldoon had switched them off and was incapable of changing his attitude to reverse the process. Besides, he was probably aware of what he was doing, but gambled that he would still squeeze through on polling day without making any further electoral commitments.

What he perhaps didn't count on was the extent to which his defeat at the polls (and if not real) would strengthen the hand of the reformers, liberals, call them what you like, in the National

Party after the election. Suddenly, younger anti-bureaucratic politicians were in the pecking order for cabinet posts, and out of the picture was the reactionaries and Muldoon's centralist government supporters in caucus.

In choosing his own cabinet, the Prime Minister interpreted a now more powerful party's wishes — with one or two major exceptions. The party, in making it quite clear that it expected the leader of the Government to take the line more in future, was generally satisfied. But leaving Lancel Adams-Schneider as Minister of Trade and Industry and Colin McLachlan as Minister of Transport was not quite what it had in mind. Still, perhaps it could live with the decision.

With the selection over and new Ministers attending cabinet, reformers began to realise that the drop in Muldoon's power base presented an opportunity for real change — perhaps even a return to support for private enterprise. Certainly more effective economic measures were necessary.

The fact is, that although Muldoon is a politician of considerable strength, he has no stomach for radical thinking, particularly radical economic thinking. Even when New Zealand was obviously faced with radical problems — with one exception, the change in bank rates — he refused to accept radical solutions during his first three years in power. The Government, confronted by pressure from both within and outside the

National Party, is faced with having to accept significant changes in economic thinking, or risk its political future in 1981, not to mention devastating New Zealand's future economic wellbeing.

Several National Party insiders now firmly believe that Muldoon is facing the crunch decision of his career. Either he accepts the need for dramatic economic policy changes — including new attitudes toward import and price controls — and implements them, or faces so much internal party dissatisfaction that a leadership battle may become a distinct possibility.

You can always gauge the measure of feeling and mood for change inside political parties by the degree of open criticism — not from accepted mavericks, but from those who are usually either tightlipped or prepared to rationalise away disastrous political directions simply to maintain unity.

Criticism of Muldoon has reached a different level in recent weeks.

The next month or so may prove vitally important for him. And now for the irony. While most cabinet placements were readily accepted by the party, the continued administration of Trade and Industry and Transport by two Ministers who should have been superseded by perhaps younger politicians more prepared to embrace change threatens the very move toward restructuring.

Both these ministries are key factors in the process of change, influencing, as they do, the policies that govern trade access and communications. The departments that should be taking the lead in the restructuring process are ironically administered by men who will tend to agree with the Prime Minister in his rather conservative view of economic change.

Editor: Bob Edlin. Editorial: Judy Nalder (Production Editor). Rae Mazengarb, Colin James, Balinda Gillespie. Advertising Manager: Paul A. C. S. Loh. (P.O. Box 9344, Telephone 736-876, 859-019, Wellington.) Auckland office: Editorial, advertising and distribution enquiries: Warren Berryman. Telephone 683-585, 687-501. Published by Fourth Estate Newspapers Ltd, 15 Blair Street, Wellington. Printed by R. Lucas & Son (Nelson Mail) Ltd, 15 Bridge St, Nelson.

## EDITORIAL

IN March 1977, the Public Expenditure Committee called for proposals from the news media and from Government departments in response to the idea that more of its meetings be opened to the public gaze. The then committee chairman, Bill Birch, declared he had been impressed by open Senate committee hearings he had seen in the United States, and he spoke of his belief that it would be "a same comfort" to the public here to know of the wide-ranging inquiries that were undertaken by Parliament's most influential and most active committee.

The proposal was consistent with a National Party election plank to support moves towards more open government, and was hailed — at least by the news media — as a step that would ensure the committee further developed an independent searching attitude in all fields of Parliamentary appropriation.

The bureaucracy had other ideas, articulated — for example — by then Defence Secretary John Robertson. Open hearings would discourage public servants from giving information, he warned (raising questions about just who is in charge). And he pointed out that closed hearings were a good opportunity for the senior public servants to fresh give information to members of both political parties; they were able to talk fairly freely about matters of policy, for example, rather than having to leave policy with their Cabinet Ministers (which raises further questions about that myth of Ministerial responsibility which the executive insists on perpetuating).

The anxiety of Government departments about keeping hearings closed should have served as good cause for our Parliamentary representatives to remove at least some of the mystery which surrounds Government administration, but the result was a ruling that evidence given to the Public Expenditure Committee could be made public by MPs only in five-minute speeches in Estimates debates in the House. It was a clear victory for secret government.

An initial member of the sub-committee which made the study was Marilyn Waring. Indeed, she is said to have been instrumental in raising the question of open hearings. Before the work was completed, however, she was shifted to another select committee — whether because of her concern to make committee work more public is matter for conjecture.

Now she is back on the committee — a surprise choice as chairman. And last week, she indicated she has lost none of her reformist zeal. She hoped not only to call in departmental staff to give evidence before the committee, but also that sub-committees will travel around the country paying surprise visits to unsuspecting bureaucrats. She will be looking particularly at areas of duplication — of information and services — from department to department. "I'm interested in breaking down rather than reinforcing Government departments," she declared. The taxpayer public will wish her well and trust that she can galvanise committee colleagues into making the Public Expenditure Committee a more effective instrument of Parliamentary control.

That there is widespread incompetence in the Government's financial management was made clear last year, in the report of the Controller and Auditor-General on financial management and control in the administration of government. Among other complaints, the report noted that accountability to Parliament was inadequate.

The Public Expenditure Committee has seemed unwilling to flex all its muscle in recent years and gives the impression the bureaucrats hold the whip hand. Treasury officials, for example, are said to have cautioned committee interrogators on occasions that if a certain line of questioning is pursued, further co-operation from the department might not be forthcoming.

As the bureaucracy has accumulated increasing powers, of course, a widespread belief has developed in the community that political control exercised by Ministers over their departments and the critical scrutiny of the Government maintained by the Opposition in Parliament are insufficient to reveal and remedy the administrative abuses — whether intentional or unintentional — which occur. Waring has a golden opportunity to restore to Parliament at least some semblance of a capacity to check mismanagement and to dissipate just a fraction, perhaps, of the public's disillusionment.

Bob Edlin

WE hear of one viewer the other night who was bothered by TV Two's gratuitous 6 o'clock blonde reference to "petita blonde", Linda Jones. He promptly phoned Avalon to voice his objection by oscarating from the news editor when reference would be made to "stun, brunette" Bobby Vance — or, even better, when describing the next political race, to "fat, balding" Rob Muldoon.

Trouble was, the newsroom was empty. The receptionist was unable to find anyone with whom the complainant could discuss the matter.

Still, it was Wallangi Day — a day for preoccupation with relationships between Maori and pakeha, rather than one for worrying about sexist news scripts.

It is not just the newly-liberating Chinese regime that is bothered about free speech getting out of hand. That august body, the New Zealand Treasury, has been forced into a clampdown on its version of the wall poster — staff who talk to the news media.

In the wake of senior investigating officer Paul Carpenter's Anzaco speech on import protection, an instruction went out from permanent head Noel Lough, appropriately, on pink paper — that no one below assistant secretary level was to give the news media anything other than factual information of the "how many tonnes of oil do we use a year" variety.

In Britain, the once eminent Treasury has been winkled partially into the open by a backbencher's bill (adopted by Parliament) which obliges it to publish its forecasts. Surprisingly, the Government superstructure has not crashed down around its ears as a result.

Precious few of our backbenchers look likely to lift the lid on our Treasury, so may we commend it to the new chairperson of Parliament's potentially powerful public expenditure committee as a worthy topic for investigation.

PAYING on annual visit to the far-flung outposts of his empire, Carl Masi, marketing support director for computer company Wang, gave a presentation on the benefits of the company's office products.

Emphasising Wang's worldwide market, he put up a slide showing the legend "Wang" on a map of the world; a stylised map, with all the small, unimportant bits left out — like those small, unimportant islands to the south-east of Australia.

Earlier Masi had been enthusiastic to our correspondent that New Zealand was Wang's fastest-growing market. They obviously don't tell the people who design their publicity material.

TV One's "Dateline Monday" was due to go back to air this week with all that is most profound in current affairs. But its companion programme, "Prime Time", was stalled by staffing difficulties, not least the departure of its producer, Geoff Wana.

As we hear it, the stall is likely to be permanent. TV One is about to abandon its attempt to produce two "different" programmes with one staff and to have two "Datelines" — one for Monday and one for Wednesday.

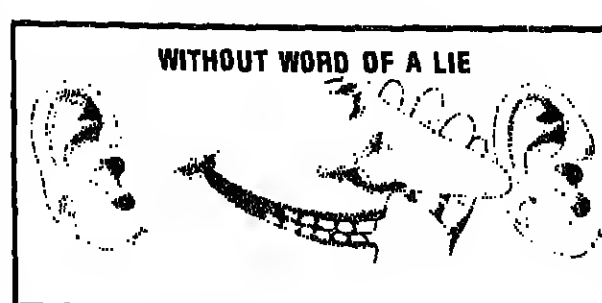
But the Wednesday edition will not be seen for some weeks — until executive producer Bill Earl has found someone to help out Ian Fraser and Jim Hopkins.

PRIME MINISTER Muldoon's policy of not holding press conferences and of perusing reporters' questions in writing before deciding who he will talk to led to the absurdity of TV One's Spencer July being given the royal runaround in his quest for information about the recent threat to reimpose wage controls.

Labour Minister Briger referred him (somewhat pointedly, we hear) to "the author" of the idea. That was Muldoon, and he wasn't talking. Try the Minister of Labour, was the Catch 22 advice.

Further absurdities have involved information-hungry newspapers reporting the results of their interviews with reporters who have been granted a rare audience with The Boss.

Generally, the new policy means that Parliamentary reporters must earn their keep by going to the Ministers responsible for the portfolio about which enlightenment is



sought, and it means that Ministers are expected to demonstrate a capacity for individual enterprise.

But one problem area is the economy. The Minister of Finance, alas, is no more forthcoming than the Prime Minister.

Those concerned about our economic policies and the reasoning behind them must rely on the morsels thrown to them in speeches to Rotary clubs and in the Prime Minister's once-a-week communication with the world through his column in Truth (which means Pravda, in Russian — an institutionalised mouthpiece for the Soviet Government).

The Deputy Minister or Associate Ministers of Finance seem unable to serve as second and third best — perhaps because they are being kept in the dark too.

The Treasury report prepared in December and calling for changes in Government economic policy

reportedly was supplied at his orders only to the PM (and in keeping with our own system of open government, Templeton and Quigley declined to comment when asked if they had seen it).

These goings-on — in government — have obvious implications for a democratic system whose effectiveness depends on an informed electorate. More curiously, it is a departure for a Prime Minister who — speaking to the Wellington Press Club on November 28, 1976 — could boast: "Ever since I first became Parliamentary Under-secretary to Harry Lake I adopted the theory that an informed public is a responsive public, and I have done my best, throughout that period, to keep the public up with the play on anything that I have been involved in. All of the Ministers in my Cabinet are under instructions as a general policy to conduct their administration in the same open way that I try to do. In

accordance with that policy they should be available to the news media at any time, and on any issue, subject only to the limitations of their own programmes and engagements."

READERS of The Dominion may have been impressed last week by the forecasting of its Monday morning commercial page.

The paper reported that the need for a massive restructuring of the economy had been characteristic of virtually all the reports on New Zealand's economy problems in the last year or so, and it declared that yet another report offering solutions for the economy was due to be published later in the week from the New Zealand Planning Council.

Then came some insight: "It is understood that, echoing the OECD report, the Planning Council also advocates devaluation of the dollar."

"The council's report is understood to suggest classical economic solutions rather than the policies, many of them stop-go ones, under which New Zealand has been run for the past 40 years."

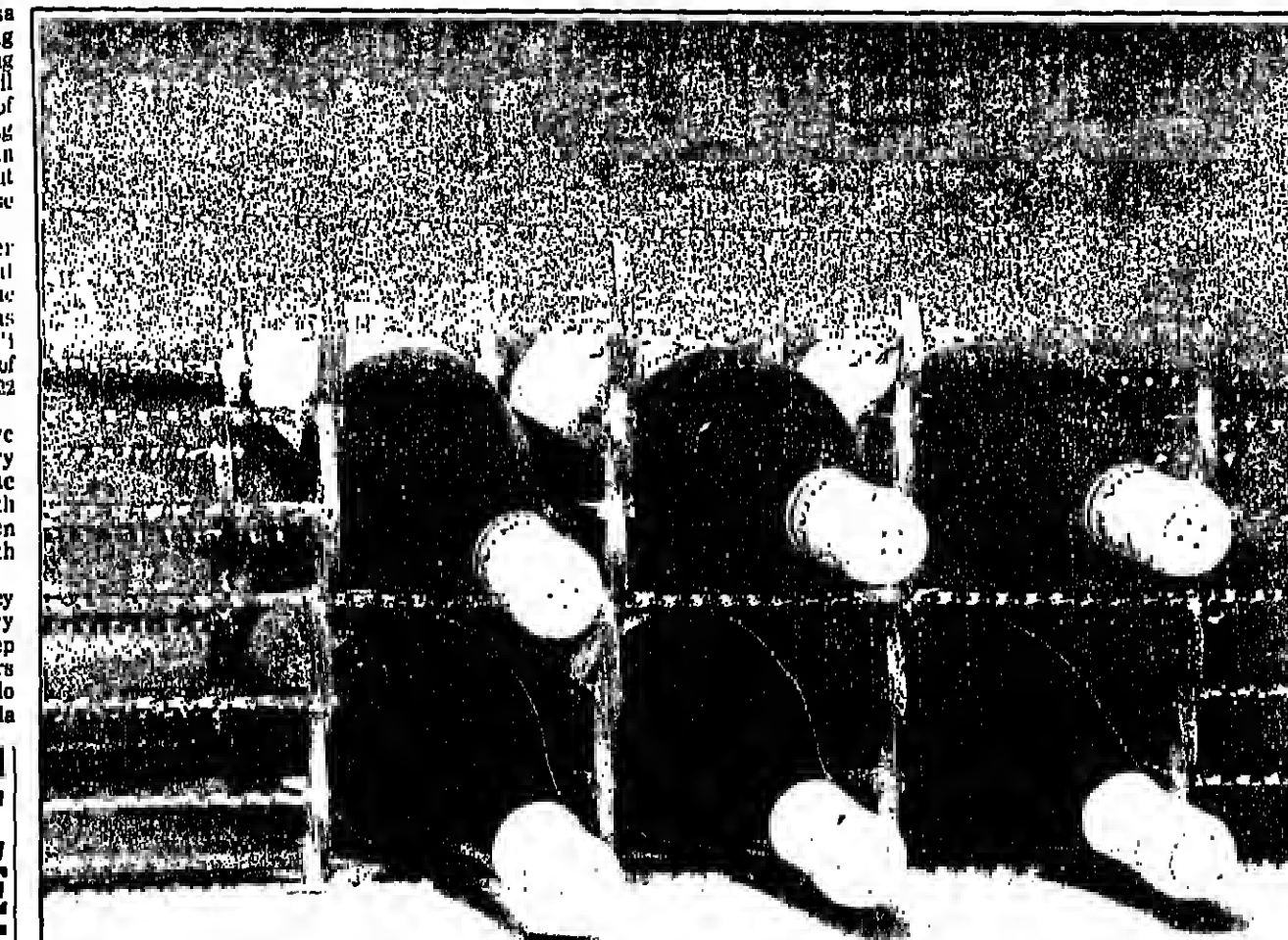
"Apparently the report does not advocate a wage restraint policy because these have not worked in the past. However it

is understood to recommend that the Arbitration Court be strengthened to monitor proposed settlements before they are enforced."

And so on. When the report was publicly released later in the week, The Dominion was seen to have 20-20 forward vision. And maybe the paper's directors were prompted into some last-minute reappraisals about the abilities of job applicants as they pondered the appointment of a new editor.

But the Planning Council had been gracious enough to send copies of the report to news media late the previous week, embarking it for release several days later. Assuming The Dominion is still on the council's mailing list, it therefore should have had the advantage of the advance copy — in which case its understanding of what might appear in the report should have been no more than an exercise in comprehending the simple English in which the report was written by its authors.

JUST in case you missed it, Radio New Zealand's Evening Report brought listeners up to date on the condition of Rob Muldoon after his operation with the observation he was now running the country single-handed.



Specimen of type of web grating used in Montana Wines Blenheim plant.

## Fortified Wine

When Montana Wines shifted part of their wine-making plant from Nelson to Blenheim, Steel & Tube were chosen to supply the Web Grating for their refurbished premises. As New Zealand's largest supplier of steel products (steel, tube and fasteners) this project is just one of an extensive range of contracts

which Steel & Tube is involved in all over the country.

Whatever you want to do with steel — Steel & Tube have the specialist experience and technical know-how to meet your requirements. Steel is our business — call us.



**Steel & Tube**  
New Zealand Limited

Auckland, Hamilton, Mt. Maunganui, Rotorua, Napier, New Plymouth, Palmerston North, Wellington, Nelson, Christchurch, Timaru, Dunedin, Invercargill.

ST1019

## Don't waste a minute of your holiday time comparison shopping

When you get to Sydney there'll be all sorts of things you want to do and see. Sure, you'll want to do some duty free shopping. But you can plan it all before you leave and know that all Sterling Nicholas you'll find what you want at the best price, and get guaranteed satisfaction. Write for our free illustrated brochure.

**Sterling Nicholas**  
**Duty Free** PTY. LTD.

Crest Hotel, Kings Cross  
and 113 Oxford Street, Darlinghurst, Sydney, 2010  
Telephone 33 3261



# Govt must cut spending — Planning Council

**Your best round.**

**DB**

**Today's great drink**











# "Hello Pete, Ruby, Bruce, Anne, Roy, Les, Brian, Sir, and Graham."

by Belinda Gillespie

SMORGASBORD lunches are on the menu again at Wallington's James Cook Hotel. Renowned for its range of 200 or more smorgasbord delicacies, the James Cook was host with its own petard when pre-Christmas catering laid lunchers low in a food-poisoning outbreak which went on for three days.

Having received a clearance from the Health Department, the restaurant is back in business, and said by one of its managers to be "picking up" after a slow start, due in part to the holiday season.

The financial repercussions of such incidents are hard to measure, and are played down by management. Des Fitzgerald, public relations director for Lion Breweries, commenting on the 1977 outbreak at the Waterloo, claimed that losses were not large, despite the closure of the dining rooms for several weeks. Plans were already afoot to redesign the Waterloo kitchen and restaurant, and these were hurried along, to the tune of around \$100,000.

Waterloo guests were dined out at other Wallington hotels, and losses due to casual dining were a mere flea-bite to the company. With a projected food budget of \$14 million this year, and the biggest catering operation outside the armed forces, Lion is roaring all the way to the bank.

Peter Mäklä, James Cook managing director, admitted that financial losses would have been considerable if the outbreak had not occurred so close to Christmas, with most of the lucrative catering already out of the way. But the period of closure coincided with a normally slack period, when a small à la carte menu is offered instead of the full smorgasbord. People have short memories, says Mäklä, who doesn't foresee any long-term effects on the lunch trade. While the hotel will be installing some new refrigeration, no major redesigning of the kitchen has been called for.

Nevertheless, hotels are not eager for publicity, either as to the cause or effects of any food poisoning incidents which may occur. While the managements of the Waterloo and James Cook have cooperated with the media, according to one source there have been at least three other major outbreaks in New Zealand hotels in the last year. They managed to avoid publicity, though they are known within the trade.



GOOD HEALTHKEEPING

The Health Department keeps counsel and does not publicise food poisoning outbreaks unless it thinks that the public is at continued risk. While public awareness of the risks is a good thing, public reaction is a different matter. Once an incident such as that at the James Cook has been rectified, there is no need for continued public repudiation. Management, however, even with good quality facilities, should never become complacent.

The department wants cooperation, not antagonism, and is reluctant to use its legal powers to ensure the provision of wholesome food. There are never enough health inspectors to stand over catering establishments, so officials try to create awareness and a sense of responsibility. Though they admit that adverse publicity motivates improvement, they emphasise that this must be done through the courts.

Eating a smorgasbord concocted in the pre-Christmas scramble is a gastronomic Russian roulette, going by bacterial sampling of some of the foods presented at such times. This may be one reason why this style of eating appears to be declining in popularity overseas, where a simpler presentation of a range of hot meats and salads is gaining ground.

In New Zealand, however, despite the hundreds of people affected in the festive seasons of 1977 and 1978, the smorgasbord is still in vogue. Lion continues to offer it at its "high class" establishments such as the Waterloo and the South Pacific, and the James Cook has no intention of changing the concept of the free-for-all over a daunting array of dishes which has proved such a success in the past.

Nor do the managements, in either case, see a need for a major rethinking of hygiene standards. Fitzgerald pointed out that the problem occurred only under conditions of pressure, when food was left

exposed and unrefrigerated for longer than usual. He claimed that designing kitchens to operate up to this level all year round would be uneconomic. Mäklä also emphasised that the time temperature factor was crucial; sliced meat indicated as the cause of the problem) previously left unrefrigerated would now be restored to refrigeration before serving. He sees the issue as one which can be solved through common sense rather than science.

But to the Health Department, the smorgasbord is a chronic headache and a Christmas nightmare. The organism to which the James Cook outbreak was traced was *Clostridium perfringens*, a type which is naturally present in raw meat, but is killed by normal cooking temperatures. Rare meat is infected, and cooked meat or other food can be recontaminated when stored with raw.

Even so, the bacterial population can be kept in safe limits if temperature is tightly controlled throughout the process with the food kept either very hot or very cold. The exposure of almost any type of food, for any length of time, at room temperature is hazardous. *Salmonella* and faecal coliform bacteria, other common causes of food poisoning, proliferate under similar conditions, though their presence in food may reflect poor hygiene habits and knowledge rather than inadequate storage.

Some hotels blame their sloppy customers for contaminating the food at the point of sale. To the bacteriologists, this is a non-argument, though they admit there is a case for presenting all smorgasbord foods on ice, as is required in the United States.

But to reach really dangerous levels, food must have been infected well back in the food-processing chain, and exposed for many hours in warm, humid, conditions. Rare roast beef, for example, may be cooked for three hours, left overnight in a warm kitchen to "cool", and stored for several days in a refrigerator. Constant traffic through the refrigerator may mean temperatures as high as 65 deg. F instead of a safe level of around 35 deg. Once sliced, the meat is further exposed on a bench and then in a warm room until finally eaten — by this time densely populated with the clostridia bacteria which have spread from the near raw centre of the joint of meat.

Health Department investigations, while they may pinpoint one organism as the cause, usually show that there is potential for the growth of others, which have been eliminated only by chance. Occasionally food such as ham is bought already in a contaminated state.

The smorgasbord concept, imposed on an à la carte kitchen, provides many opportunities for bacterial growth. A kitchen designed to fit the concept would provide a large amount of wheel-in refrigeration space with air curtains instead of doors.

There are more problems when the catering is stretched to cover hundreds rather than the tens for which it is designed. Risks increase also in proportion to the number of food items offered, each of which has its built-in hazards and requirements for correct storage. Most hotels deny the use of left-overs, but even those with highest standards occasionally slip up in this area.

As the hectic battle of the



JAMES COOK SMORGASBORD...on the menu again

Christmas huntlight seems destined to flourish despite the risks, the Health Department is trying to work out a programme which will ensure safety to all consumers of smorgasbord.

Its "quality assurance" programme will consist of a system of voluntary internal checks, foolproof if carried out according to instructions. Following a disastrous attempt by the American FDA to enforce such a programme, there is no intention of making it compulsory, but it will be made available wherever it is required.

An important feature is that the programme can be modified to fit the individual peculiarities of any outfit. Another is the insistence on managerial responsibility for undertaking the checks, which will be complementary to the course in food hygiene now offered at most technical institutes. The checking system could, for example, mean a six-monthly critical evaluation of the whole kitchen structure in terms of food hygiene, with more frequent evaluations of cleaning procedures, temperature controls, dishwashers and so on.

A safe smorgasbord is possible, according to the Health Department. To ensure it, hotels have to buy raw materials which are known to be of good quality. The staff handling food must have a good knowledge of hygienic techniques, and an understanding of the temperature and conditions which will inhibit bacterial growth.

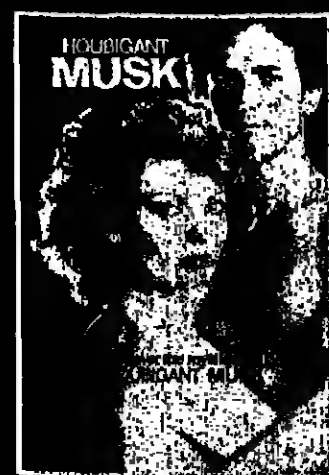
Finally, it's up to the consumer to know the standards necessary, to complain where he sees fit, and to eschew rare roast beef of unknown origin.

## Conference Calls.

Want to arrange a Conference at short notice? All you need to do is provide Tolls with a list of those you wish to "attend" up to a quarter of an hour before you want your "Conference" to begin. Your toll operator can connect you with up to nine people anywhere in New Zealand all at once by Conference Call.



Keeping You In Touch  
With Up To Nine Places At  
One Time.



Ward & Grey's  
advertising works.

If you're not using Computa-Pay,  
your system is probably  
not much better than theirs.

**COMPUTA-PAY**  
the Complete Payroll Service



NEW ZEALAND'S LARGEST  
PAYROLL ORGANISATION  
MEMBER NZSIA

Please send me further details on your  
Computa-Pay Service.

Name .....  
Company .....  
Address .....

Return to Armoured Freightways Ltd  
P.O. Box 9585, Auckland



## Ferry godfather spoke too soon

THE Government's decision to launch its emergency airlift across Cook Strait last week should have been embarrassing for Transport Minister McLachlan.

Just a few days earlier, he had been fulsome in his praise of the performance of the Railways Department in ferrying record numbers of passengers and motor vehicles across the strait during the peak holiday season.

"The travelling public might not fully understand the complexity of the task involved in maintaining a smooth ferry service, but I feel sure they would wish me, on their behalf, to express appreciation for the efforts of all who contributed to the achievement of this fine record," McLachlan said when releasing the holiday

figures: from December 17 to January 31 inclusive, the ferries had carried 204,303 passengers (5886 more than in the corresponding period the previous year), and had carried 30,669 passengers' vehicles (59,398 the previous year).

"The records set during this period will not easily be bettered," said the Minister. The figures reflected "a high degree of efficiency on the part of ferry crews and terminal staff".

Just seven days later, the emergency airlift was under way after ferry engineers had gone on strike. Air Force Andovers and Hercules were brought in to transport those who weren't lucky enough to be wanting transport when record efficiency levels by Railways crews were being achieved.

## Wage earners blamed for sluggish economy

Economics Correspondent

WAGE and salary earners take note. Some economists are convinced that your recent pay increases have been too excessive and that they are the major cause of unemployment, slow growth and the likely further deterioration in the balance-of-payments deficit this year.

And you don't need to be told that many economists think large wage increases fuel inflation.

According to the Planning Council, "estimates of the extent to which wages and salaries will have risen during the year to March 1979 vary from 13½ per cent to 17 per cent. With output rising by only about 1 per cent during the period, labour costs per unit of output will have risen appreciably".

But the increase in pay may not seem so large to the wage and salary earner. Real disposable income (the purchasing power of income after tax) will probably rise by between 4 and 7 per cent.

The argument about how wage and salary changes influence the economy is complex.

Underlying the argument is the belief that by acting in their own interests, wage and salary earners do not necessarily enhance the national interest. In particular there are some economists who argue that the gap between real wages (the purchasing power of wages) and productivity is increasing. While real wages are growing, productivity (output per person) is falling.

It is difficult to separate cause and effect. Do increases in real wages directly hinder improvement in productivity? In the long run they do, according to some economists.

Kerry McDonald, director of the New Zealand Institute of Economic Research, addressed this issue at the 20th Annual Meeting of the Institute last October. He found that "trends in the capital: labour ratio, trends in productivity, and the slower growth in company income than in

salaries and wages indicates a significant reduction in the returns to capital and shareholder funds in the 1970s".

To get profits back to "normal" levels and to encourage growth related investment, McDonald recommends wage setting embodying the concept of a "main path" for wage and profit levels. Apparently, macroeconomists who study the entire economy can determine a path for wage earners which is consistent with other macroeconomic goals and objectives and which results in increased productivity.

In its recent report, Planning Strategies, the Planning Council has taken up some of McDonald's arguments and added a few flourishes of its own.

Given New Zealand's current sluggish economic growth, the Planning Council suggests that the wage earner is holding back progress on the export front and, because export industries are not growing, adding to unemployment. The council says that "if New Zealand is to achieve the exports needed for full employment, it is just not on to have another year of rapid increases in pay while output is rising by only 2 or 3 per cent and the net incomes of farmers and others whose output is crucial for the export drive are being seriously eroded".

And after pointing the finger at wage and salary earners for undermining New Zealand's production of exportable goods and services which will

give real purchasing power their dollars, the council, which is organised labour, private employers to find an acceptable solution to the problem.

"Both democracy and employment will be under serious threat if the powerful interests continue to have little regard for the long run national consequences of their actions and the bargains".

If the Government, employers and unions side adopt procedures to ensure that wage and salary increases are consistent with the national interest, the Planning Council lists the issues which must be faced. First, should the wage order system be retained along with free collective bargaining?

Second, are arrangements in the public sector adequately achieving the goals of preserving the relationships between the public sector and the private sector with undesirable ratchet effect?

Third, to what extent a statutory controls regulate over wages and salaries?

The debate about the relationship between wage salary increases and economic activity has serious implications, both for individual earners and for the national interest.

To help inform public discussion about this issue, NBR has printed extracts from the speech by McDonald, pages 16, 17. Next week will print comments on the speech by economists in the industrial relations.

## Employers' man on drawbacks of wage controls

by Colin James

GOVERNMENT-imposed income policies have been no solution to economic problems, says Employers' Federation coordinator Max Bradford.

While some have been quite successful in the short run, says Bradford, a former Treasury economist, "ultimately most incomes policies have merely delayed the time that more fundamental fiscal, monetary and exchange rate policy changes have had to be implemented".

His remarks, delivered in a paper to the science congress in Auckland last month and the result of ground-breaking and continuing economic research, are an interesting comment on the Prime Minister's latest moves on wage regulation.

The main drawback, as Bradford sees it, is that attempts to hold wages down — whether by employers in negotiations or the Government through regulation — have not had targets related directly enough to the needs of the "exposed sector" of the economy (the export and import-competing sector).

Thus, even under various periods of wage controls during this decade, he has found, wages have risen faster than the exposed sector can afford.

There has been that "the capacity of industry in the exposed sector to finance investment is reduced, either from internally generated or loan funds".

"In the end this reacts against the wage earner: a lower rate of economic growth, falling productivity, a reduced ability to meet increased real (as opposed to money) wages and reduced employment opportunities," he says.

"Conversely, where labour prices are too low and profits rise so that the income distribution moves in favour of capital, pressures are generated to take real wage increases in the form of wage drift, productivity schemes and the like.

"In this situation both labour and capital have a vested interest in establishing what the major 'path' for wage increases can be and how that

available increase is to be distributed between industries or occupations.

"Amongst some of the important considerations are whether particular industries should be phased out because they are no longer competitive, technologically or socially relevant, or whatever; or whether particular labour skills are needed but are in short supply."

Bradford notes that the rhetoric surrounding incomes policies "more often than not... revolves around the need to reduce the rate of inflation itself without reference to what wage movements should be to preserve or enhance international competition."

And he says that under "free" wage bargaining — with its well-established relationships and the private-state-private tradesman's ratchet which in effect automatically determines the basic rate increase for each year's round — little, if any emphasis is placed on the needs of the economy as a whole.

Thus, wage rates in the "exposed sector", the performance of which is critical to the health of the economy, are determined in the "sheltered sector" (the sector protected from foreign competition) on bases unrelated to the exposed sector's needs.

By adding the average annual growth in the real gross domestic product per labour force member to the average annual growth in prices received by the exposed sector, Bradford calculates that the wage "path" necessary to keep the sector in balance was 13 per cent a year for the years 1972-77.

In fact the wage movement for the sector was an average 15½ per cent a year, "2½ per cent a year more than a 'preservation-of-international-competitiveness' condition would indicate".

The pressure, Bradford concludes, fell on the exchange rate — which fell nearly 2 per cent a year on average during the period — and on increasing subsidies to the export sector which were in effect drained off in finance wage increases rather than improving the

sector's profitability, productivity or growth potential.

At the same time, he calculates, in the sheltered sector wages (at 15½ per cent a year average) grew 12 per cent a year faster than productivity (5½ per cent). This 12 per cent gap compared closely with the 11.8 per cent average annual increase in the consumer price index, that is, inflation, during the period.

"It seems," he argues, "that the policy objectives of recent Governments in New Zealand to increase the profitability and productivity of exporting have clearly been undermined by a growth in wage increase in excess of the appropriate wage path."

"Much of this can be attributed to the less-than-adequate productivity performance of the meat-processing industry, but all exposed sector industries suffered to a greater or lesser extent."

"It is unreasonable to expect that wage rates can be determined in the exposed



MAX BRADFORD... "wage policy" would limit Government involvement.

sector, having regard to the institutional way in which wages are fixed.

"Nevertheless, it does seem that some recognition of these — and other — macroeconomic factors by both labour market partners and wage and salary earners at large is highly desirable."

Bradford's suggested "wage policy" would limit Government involvement in setting out the main economic

parameters within which negotiators should operate (while retaining reserve powers when they go beyond the parameters).

The policy would "not imply holding wages for its (the policy's) own sake or even necessarily to force the rate of inflation down."

"Wage policy means ensuring that real wages grow as fast as the exposed sector allows in the long run."

It would also have to accept that the present rigidities of the wage-setting system could not be changed quickly. Labour mobility between dying and growing sectors would therefore need to be encouraged by other methods than changes in market prices for labour.

The general principles of Bradford's proposed system draw on the Swedish experience where general guidelines for individual wage negotiations are laid down by the central union and employer organisations in consultation with the Govern-

ment. Bradford suggests that in April or May the economic outlook over the next 12 to 18 months should be outlined to the central organisations and an appropriate wage path defined which the economy would sustain.

This would be passed on to the individual negotiators and made public. Negotiations would be carried out according to the present system and should be closely monitored by all parties.

The negotiating parties themselves would be responsible for ensuring their agreements fell within the guidelines, but the Government would retain the right of influence or control when they did exceed the guidelines.

Bradford suggests also that more formalised use should be made of the Federation of Labour and the Employers' Federation to resolve individual conflicts and the number of unions, employer groupings and awards agreements should be reduced.

Money - you can be so busy making it that you don't look after what you've made



Talk it over with your money man, your Bank of New Zealand Manager

When was the last time you sat down with your Bank of New Zealand Manager and took a careful look at how hard your money is working for you. He can tell you how the Bank of New Zealand can make your money work harder for the security you need. And no fuss. Quick, simple, and a minimum of paperwork.

Term deposits - in small or large amounts - will earn money for you

Don't let surplus cash lie idle. Regardless of the amount, large or small, put it on a term deposit with us. You'll find our rates very competitive. Your money earns top interest and will be available when you need it.



TCD's (Transferable Certificates of Deposit)

If you need greater flexibility in your short term investment strategy TCD's may be the answer. If you need to, you can release cash before the term is due, because there is a secondary market for TCD's. Your Bank of New Zealand Manager can explain TCD's fully to you. Ask him for the facts.

Practical help

Your Bank of New Zealand Manager, and his staff, are ready, willing and able to help you make your money work harder. Contact him soon. He'll show you how a regular review of your investments is well worthwhile. Your Bank of New Zealand Manager is as close as your telephone — he's your money man!



Bank of New Zealand  
Here when you need us — Nationwide

At last.  
Clear concise ideas about the future of N.Z. agriculture.

THE FUTURE FOR NEW ZEALAND AGRICULTURE  
BY HARRY BROAD AND GUY HARRISON  
1978-1979



"... one of the most important research papers ever released on New Zealand agriculture," that's how Harry Broad, editor of Straight Furrow describes The Future for New Zealand Agriculture.

In this significant new publication, Ian McLean, former editor and agricultural economist, explains why production rather than market problems inhibit agricultural exports. He probes the pros and cons of five alternative policy strategies to combat New Zealand's complex, persistent agricultural problems. McLean concludes that the weight of evidence supports one particular strategy...

The Future for New Zealand Agriculture, published by Fourth Estate Books on behalf of the N.Z. Planning Council.

Only \$4.50 at all good bookshops, or direct from Fourth Estate Books, P.O. Box 9344, Wellington. (See Fourth Estate Subscription Service coupon elsewhere in this issue.)

Concept soon to swing into production

CONCEPT VIDEO NZ LTD should soon be fully operational as a production unit, making television commercials in competition with TV One.

The building of a 1400 sq ft studio and other major work is some months from completion, but all decisions on the type of equipment to be used have been made.

Equipment is coming from the United States, Belgium and Britain, and an engineer from the Wellington-based company has visited the United States for instruction on its maintenance and operation.

General manager Mike Mune and co-director in the capital-intensive industry would be "very high".

Stage one of the project — a mobile control room in a four-wheel drive vehicle — will be operational by late March. This outside studio will be equipped with two portable cameras, videotape recording facilities and vision-mixing equipment.

The main studio, due for completion a few months later, will have greater capabilities than any other production house in Australasia, said Mune.



MIKE MUNE... "greater capabilities."

It will include a three camera operation, a vision-switcher and full post-production facilities for 16mm and 35mm film.

Concept Video Ltd was set up in 1974 as a closed-circuit TV rental business by managing director, Donna Lock, and grew to a full broadcast production business. Last December, INL announced it had acquired a major shareholding in the company and that with this backing, the company would move into the TV advertising scene using the most up-to-date equipment.

Chairman of the newly-structured company is former TV One controller of sales and marketing, Ray Shaw.



PER ANNUM  
**UNSECURED NOTES**

**3 YEARS WITH EARLY REPAYMENT OPTIONS  
INVESTMENT ON DEMAND AFTER 18 MONTHS  
INVESTMENT BY TRUSTEES (Refer to Prospectus).**

This issue, for which the minimum investment is only \$100, is underwritten by the Australia and New Zealand Banking Group Ltd., and is managed by Francis Allison Syme and Co., Wellington. The issue closes on the 12th April 1979, or earlier at the discretion of the Company.

Applications for Unsecured Notes will proceed only on the form of application referred to in, and issued with, a printed copy of the Prospectus.

Copies of the Prospectus, which includes an Investors' Guide, together with application forms may be obtained from:  
\* Any member of an affiliated Stock Exchange in New Zealand.  
\* Any UDC Branch Office or District Agent.  
\* Any branch of ANZ Banking Group Ltd.  
\* The Head Office of UDC Group Holdings Ltd., P.O. Box 1616, Wellington.  
OR by mailing this coupon.

PLEASE SEND ME A COPY OF THE UNSECURED NOTES PROSPECTUS WHICH INCLUDES THE INVESTORS' GUIDE

MR/MRS/MISS/MS

ADDRESS

UDC Group Holdings Limited,  
UDC House, P.O. Box 382,  
Wellington. Tel 720-829

2474NBR



# NZIER director plots the trends in salaries, wages and profits

SINCE the mid-1960s, and particularly in the 1970s, total salary and wage payments have increased faster than net output (gross domestic product or effective gross domestic product), in current and constant price terms. But the increasing tax bite from salaries and wages has meant a much slower growth in post-tax incomes, which followed the trend in effective GDP quite closely.

On a per-employee, constant price basis, salaries and wages after tax (employees' real disposable incomes) increased through the early 1960s, plateaued in the second half of the decade, and then rose strongly between 1969-70 and 1973-74 (7 per cent in four years). Since then they have steadily declined.

Forecasts show them 9 per cent below the 1973-74 level in 1977-78 but lifting slightly in 1978-79. But they still remain above the level of the 1960s and just above the 1970-71 level.

In contrast, per-employee constant price salaries and wages before tax rose much more quickly (at twice the after-tax rate through the 1970s). And again the divergence reflects taxation and the fiscal drag effect.

The growth profile was similar pre- and post-tax except that pre-tax salaries and wages fell only slightly in the mid-1970s before resuming a (forecast) growth trend.

Thus salaries and wages pre-tax (the nominal cost of labour

Commercial and Industrial  
Selling - Leasing  
Phone 725-269 Wellington  
**harcourts**

to employers) have risen much faster than salaries and wages post-tax (the income of employees), while the difference (income tax payments by salary and wage earners) has risen four times as fast as the pre-tax salary and wage growth.

How do trends in real salaries and wages per employee, as a cost to employers or income to employees, compare with real productivity trends?

Taking changes in effective GDP (gross domestic product adjusted for the changes in the purchasing power of exports) in constant prices per employee as the measure of total productivity, the results show constant price pre-tax salaries and wages per employee moving closely in line with total productivity growth through the 1960s. The divergence begins in 1971 and 1972, and varies thereafter. By 1977 salaries and wages were 12 per cent ahead of productivity and forecasts increase this divergence to 16 per cent by 1979. This is not evident in after-tax terms. After-tax, constant price salaries and wages per employee closely follow the trend in total productivity.

The rapid rise in salaries and wages per employee was offset to a considerable degree in the economy by productivity growth and higher product selling prices. However, the net impact is still a steady increase in the real labour cost to firms per unit of output, with an inverse impact on profits.

Growth in the rewards to labour exceeded total net output growth, although vir-

**SALARIES, wages and profits are key elements in a sound economic policy. The issues they involve are contentious and complex.**

This article focuses on recent trends in salaries and wages, profits, productivity and factor shares in the production process. Have rewards to labour outstripped productivity growth and thereby contributed to growing unemployment and low private sector investment levels?

The article has been extracted from the conclusions drawn by T K McDonald, director of the New Zealand Institute of Economic Research, in his address to the 20th annual general meeting of the Institute.

tually all of this was lost in direct taxation.

The share of salaries and wages in net output for the whole economy rose from 47 to 49 per cent between 1960 and 1970 and to 56 per cent by 1976. When the Government sector is excluded the salaries and wages increase was virtually unchanged.

This economy-wide trend hides divergent sectoral trends. The real labour cost per unit of output in farming varied about a flat trend. In primary product processing it rose, as it did in services, though in both cases it fell in 1976 (the latest year available).

But in other manufacturing (other than primary product processing), which had the highest rate of salary and wage increase per employee, the trend was steadily downward from the early 1960s.

In all cases the real labour cost per unit of output rose

significantly, although the rise was less, and occurred later, in the other manufacturing sector.

Over the period since the mid-sixties, company income (pre-tax profits) increased in line with net output. But, growth was faster in the 1960s and lagged in the 1970s.

In constant price terms, growth in company incomes peaked in 1973-74 and fell significantly by 1976-77.

The Reserve Bank's data show that for public companies, the ratio of pre-tax profits to total assets declined after the early 1970s, although this was offset in after-tax terms by the declining effective tax rate. Nevertheless, economy-wide data show the share of profits in net output falling from 38 to 33 per cent between 1960 and 1970 and to 29 per cent by 1976. Similar falls occurred in primary product processing and the service sector, but in other manufacturing the decline was much less, reflecting a steady

fall in the share to taxation, in line with other public company data.

Given the rising share of salaries and wages in net output, and a falling share of profits, how did these trends relate to trends in the contributions of capital and labour to production?

The measurement of total productivity involves relating real output changes to changes in the volume of inputs (capital and labour), adjusted for their respective quality or productivity changes.

In theory, changes in total output can be directly attributed to changes in the volume and/or quality of capital or labour. In practice this is extremely difficult. Measuring the volumes of the two factors is not easy, and measuring quality differences is well nigh impossible.

As a compromise it is not implausible to say that the quality changes are the same for capital and labour, and to focus on volume trends.

For New Zealand there is no evidence of changes in the quality of capital and labour, and some uncertainty about estimates of the capital/labour ratio. Nevertheless it seems that there has been a steady rise in the ratio of capital to labour in production. It is Philpott estimates on increase of 17 per cent between 1960 and 1970, and forecasts a 30 per cent rise between 1970 and 1980.

A recent New Zealand Chamber of Commerce survey shows the ratio doubling in nominal terms, between 1972 and 1977.

Trends in the capital/labour

ratio, trends in productivity, and the slower growth in company income than in salaries and wages, indicate a significant reduction in the returns to capital and shareholders' funds in the 1970s.

The divergence of salaries and wages and total productivity gains indicates an increasing "real wage overhang" (the gap between real wage growth and productivity).

The rapid rise in labour costs per employee, as well as the shortage of labour in some years, encouraged the higher capital/labour ratio (capital deepening). As the labour supply position eased while salaries and wages continued their rapid increase, more emphasis seems to have been given to productivity growth, especially in manufacturing.

The present low return to equity investment and reduced proprietorship ratio on the one hand makes the continuation of the capital deepening process questionable. On the other hand, for firms faced with sluggish demand, it may offer the only route to restoring adequate levels of real profitability, with adverse implications for employment prospects.

It is also important to recognise that the increased tax take from salaries and wages was associated with the Government's desire for activity in the economy, rather than a shift of activity from private to public sector.

Because salary and wage earners did not accept an increased supply of public goods in lieu of higher money rewards as living standard

betterment, private sector employers had to bear the cost of both the higher money incomes, and the provision of additional public goods (through increased taxation). The salary and wage recipient benefited both via higher money wages and the increased supply of public goods.

The argument in this article is of relevance to a number of important economic policy issues.

For example, it seems clear that what has become known as the real wage overhang, the increase in the cost of labour to firms in advance of labour's contribution to production, is a phenomenon present in New Zealand which has important implications for employment.

Recent Australian work has increased the evidence of the significance of excessive real wages for unemployment, although there is considerable dispute on its importance. A paper published by the Reserve Bank of Australia suggests that 40 per cent of Australia's unemployment is frictional (people shifting between jobs without abnormal delay), 15 per cent is due to depressed demand, and fully 45 per cent is explained by real wage rises and forced changes in wage relativities.

A study by the Australian Treasury, based on simulations of the Australian economy with the Australian Treasury Model, investigated what would happen to employment if the wage-productivity distortion was removed. It indicated a fall in unemployment in the first year of 87,000; in the next 97,000.

This suggests that the present policy myopia in New Zealand on the consequences of rapid salary and wage rises for business profitability and employment will have serious consequences for unemployment in future.

Unless offset by outward migration, population trends indicate a continued potential labour force growth. This growth will face a private sector trying to restore profitability via increased productivity in a slow or, for some, no growth environment, and a public sector with a very large deficit but under pressure to reduce tax-

charges. At the same time labour will be overpriced, in terms of its productivity, and in terms of the argument that excess supply (unemployed labour) reflects a selling price (wages) that is too high to clear the market.

The policy debate in Australia has focused on the real wage overhang and aggregate demand causes of unemployment and solutions. In New Zealand there has been little debate on the issues surrounding unemployment; only advocacy by some of higher aggregate demand, while the real wage aspect has been ignored.

The aggregate demand approach envisages a generally-fiscal Keynesian stimulus to the economy, with an accommodating monetary policy to expand activity and employment, given sluggish demand, low capacity utilisation and unemployed labour. In contrast, the real wage approach envisages an erosion of real wage levels to reduce the real cost of labour to firms, to allow more people to be profitably employed. It is not dependent on evidence of a real wage overhang but reflects the view that if there is unemployment, the price of labour is too high.

Reflecting views in Australia, it seems that a combination of these approaches is needed in a highly structured economy with numerous markets, for factors as well as products. But given this structuring, and New Zealand's vulnerability in terms of the balance of payments and structural bottlenecks, the aggregate stimulus approach is fraught with dangers. This, plus evidence of the real wage overhang, and the fact that the economy must be close, if not beyond, a reasonable level of aggregate stimulus already, encourages the balance of policy emphasis to be on reducing real wages. And such a policy should be structured to reflect the relative cost, supply and demand of labour in industries and sectors, and the longer-run objectives of economic policy.

In some areas of the economy, selective stimulus to

demand may be needed, but given past trends in the capital/labour ratio it remains to be seen whether firms will choose to expand employment in preference to capital in response to higher real demand. The related question is whether taxpayers will be willing to accept a higher proportion of public goods in lieu of after-tax income to maintain, or possibly expand, public employment.

In New Zealand general and relative adjustments to wages and salaries generally ensure that the average productivity gain in the market sector is reflected in salary and wage payments to market and non-market (public) sector employees. Rates of pay for the latter thus move ahead of the average productivity gain (properly measured) in the economy, while market sector employees receive their own average productivity gains, rather than these gains averaged over the whole labour force.

It must mean that the real

cost to taxpayers of obtaining given non-market (public) service is steadily rising.

It is important that policy address this problem, desirably in the context of a more market-responsive approach to salary and wage setting so that if productivity, as it should be, is a basis for pay rate setting, the distribution of such gains are carefully allocated.

Rigidities in the labour market, especially by way of relativities, and the use of general wage adjustments, mean increasing insulation of wage rates from market forces, and less discretion for employers and employees to overcome jointly the anomalies rigidities impose. This will lead to increasing structural unemployment, arising in sectors where demand will not accommodate the increased labour cost, transmitted to the sector by relatively arrangements. It is desirable that labour shifts from low productivity to high productivity industry, but if



T K McDONALD ... director, NZ Institute of Economic Research.

those now being squeezed by rapid real salary and wage growth out of low productivity positions become unemployed, in other than a frictional sense, the job loss is costly, personally and socially.

There is much to applaud recommendations for wage setting in Sweden, embodying the concept of a "main path"

for wage and profit levels, really allowing maximum long-run returns to labour in that it is associated with "normal" profits and a willingness to invest.

It is desirable that explicit recognition be given to this concept for wage, salary and profit policy in New Zealand.

## THE DUMB TERMINAL CAN BE A PRETTY SMART BUY!

If that's all you need, then the LEAR SIEGLER ADM-3A is a really smart buy. But if you need greater ability, then there are increasingly intelligent models from which to choose. It all depends on the tasks you want performed. LEAR SIEGLER give you a choice — 4 levels of terminal ability to match your type of application.

- ADM-3A. The Dumb Terminal. Essential basic features at a very basic price.
- ADM-1A. A low-cost high-reliability desk-top CRT. Incorporates high-quality design features in a low-cost unit.

- ADM-2. Definitely a smart machine. Complete user flexibility or format, editing, security, interface and transmission. 8 status displays and 16 function keys.
- VDP-400. The Thinking Terminal. Processor-based intelligent terminal with efficient page-thru memory.

When you buy a LEAR SIEGLER terminal you don't waste intelligence and money. You buy exactly what you need — and at the right price.

### AND THERE'S A RANGE OF PRINTERS TOO...

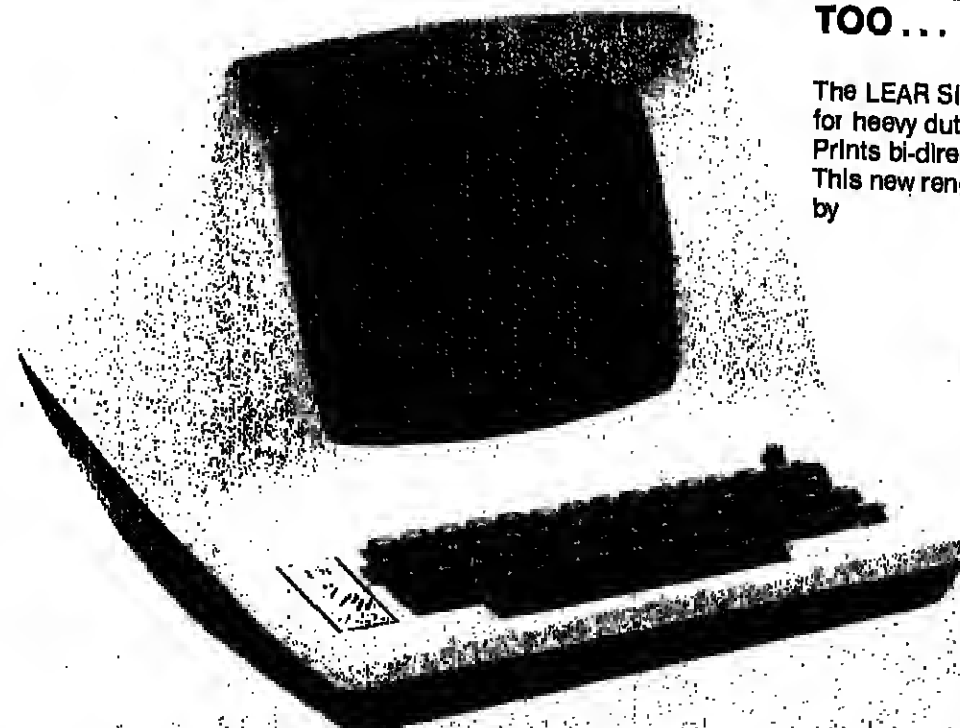
The LEAR SIEGLER Series 200. Medium speed matrix printers for heavy duty applications with the rugged Bellisitic print head. Prints bi-directionally at 180 cps. This new range of terminals and printers is marketed exclusively by

**SPL** Systems & Programs (NZ) Limited

For further information contact

WELLINGTON  
P.O. Box 30-606 Phone 666-014  
Merv Robertson, Marketing Manager

AUCKLAND  
P.O. Box 5420 Phone 796-977  
Bruce McLeen, Manager



## Subscribe to National Business Review now... and save 25 per cent

When you subscribe to *National Business Review*, you receive 48 issues of New Zealand's leading and liveliest business publication (news stand price \$19.20), and *NBR Outlook*, New Zealand's only comprehensive annual predictive analysis of political, economic and business trends (\$1.00).

Subscribe now and you save a very worthwhile 25 per cent on the *National Business Review/NBR Outlook* cover price of \$20.20.

Cash price \$20.20... subscription price \$15.00.

To take advantage of the *NBR* subscription offer, simply fill in the Fourth Estate Subscription Service coupon elsewhere in this issue.

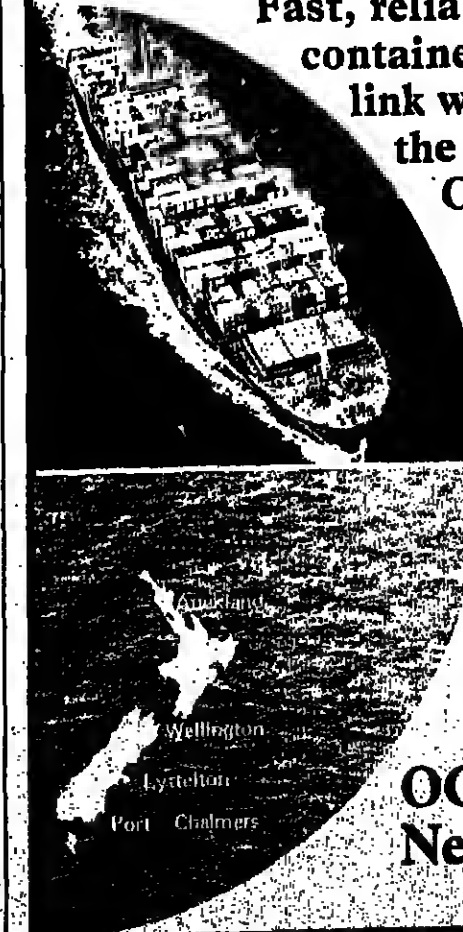


Brings

## New Zealand to the world

The OCL fleet of modern container ships plays a vital part in New Zealand's import and export trade.

Fast, reliable, and with substantial container capacities they provide a link with the valuable markets of the United Kingdom and the Continent. You can pick the OCL ship by the "Bay" — Botany Bay, Remuera Bay, Resolution Bay, Mairangi Bay, and others... calling regularly at New Zealand Ports.



The International Trade Mark

OCL are represented throughout New Zealand by P&O SN Co.

John Co Ltd



## Sherries of Spain: no similarity to ours

by Frank Thorpy

A VISIT to Jerez, Spain, has convinced me that there is more to sherry than the wine which bears that label in New Zealand.

The grapes are the same, for most of the sherry in New Zealand are now made from the Palomino grape, the traditional sherry grape of Spain. But there, according to the Spanish, the similarity ends.

They point to the strictly limited zone which bears the name sherry in Spain: the particular soil of the vineyard — Albariza, soil

which is very chalky — the long hot rainless summers with plenty of rain in the winter months, the care and preparation in making the wine, the long slow maturation period of anything from five to 100 years or more, and the presence of the sherry flor.

The Palomino grapes are harvested when they are ripe, and then spread out on open grass mats to dry in the sun. This reduces the amount of moisture and hence increases the proportion of sugar. The period of drying may be from 12 to 24 hours. Nobles experimented some years ago drying Riesling-Sylvaner



WINEMANSHIP

grapes, and the result was a fine Auslese Riesling, unfortunately available only in

limited quantities from the vineyard.

The must is fermented in small casks kept on ullage, that is, not completely filled and with the bung hole loosely corked. Fresh air is essential both around and in the casks. They are stored in large cathedral-like barns called bodegas, so that the air circulates and the temperature remains cool. The sherry flor appears in most casks about two months after the vintage, it appears spontaneously, from yeasts floating in the air, and helps materially to determine the character of the wine.

Chemically its effect is to absorb any remaining traces of grape sugar, and it adds to the complexity and subtlety of the wine by increasing esters and aldehydes.

Sherry is a perverse wine: until it is fairly mature, no one can tell exactly how it will develop. There are innumerable styles of sherry and no two butts or casks will turn out exactly the same. If two butts of must pressed at the same time from the same grapes in the same vineyard are taken in the same hurry to the same bodega and stored side by side, it is likely that one will mature as a delicate light

fine, while the other becomes a dark olivaceous of the coarsest type. Some casks cannot be classified for 10 years or more. Mature sherry falls into three basic classes: fino, pale and light; amontillado, medium and dark; and oloroso, dark and heavy. Each has various sub-divisions, depending upon age and quality. All styles initially are dry as the fermentation is complete, and the whole of the grape sugar is used up. If a sweet sherry is required, it is obtained by blending at a later stage with specially prepared sweet wines, usually made from the Pedro Ximenez grape.

Finally, with the exception of certain styles of Manzanilla, which comes from an adjacent district, is the lightest and most delicate of all sheries. It has a delightfully fresh, slightly piercing and very clean bouquet, is completely dry and has natural acidity. Paloma is reserved for wines of highest quality with a particularly clean and delicate aroma.

When a fino grows old in cask, any of three things can happen — it may gain in body and develop a new depth of bouquet, becoming first a fine amontillado, then an amontillado; it may gradually grow stronger in flavour but retain its fino character, becoming that rarest and most wonderful of wines, an old fino; it may steadily become coarser and finish up either for blending or for distillation.

Amontillado, strictly speaking, is a fino which has become with age heavier, stronger, darker, with more depth and intensity of aroma and flavour. The word denotes nothing more than a medium sherry commercially. The characteristic bouquet of an amontillado has been described as "nutty". It is certainly deep and fresh and clean. Colour, according to age, varies from straw to amber to dark gold; alcoholic strength improves.

Palo cortado is a rare wine. It is similar to oloroso. It has a deep and subtle bouquet, more like amontillado, clean and crisp on the palate, and dark in colour.

Oloroso means "fragrant". Darker than the others, naturally dry, though with a slightly sweet aftertaste caused by glycerine in the fermentation, it has more viscosity than other styles. Other names are also used for Spanish sherry. Amoreno is a suave velvety oloroso, somewhat sweet. Old Esal is used to be given to full bodied and sweetish old olorosos. It owes its name to the practice of sending wine by mail in long voyages by sailing ships, as it was thought that crossing the equator improved quality. The real reason for the improvement was the oxygenation which the motion of the ship caused in the incompletely filled casks. It is now obsolete — or should be.

Pedro Ximenez is the best sweet wine. The grapes are picked ripe and dried in the sun for up to 20 days before being pressed. The wine is extremely sweet, dense and dark in colour, and is much appreciated as a dessert wine, and also for blending with drier sherries.

Fino old sherry bottled in Spain are usually not fortified, but wines sent overseas, including to England where more sherry is drunk, are fortified.

The spirit used is always grapa brandy spirit, as opposed to the raw alcohol derived from sugar and the lees used in New Zealand. The difference can be detected immediately. No added sugar is permitted in Spanish sherries.

Businessman highly qualified and experienced in production planning and control, product costing, stock control, and all phases of sheetmetal work and metal finishing seeks part time position.

Reply 78 Owens Road  
Epsom  
AUCKLAND

2 YEAR OLD  
CANON NP-70 PHOTOCOPIER WITH  
CASSETTES

For sale or lease

Tel. Mrs Lewis, 843567

WANG COMPUTER LTD, P O Box 68 349, Telephone 540 116, Auckland  
P O Box 8848, Telephone 843 262, Wellington

WANG

I am interested in more information on Wang  
Data Communication Systems

☐ Computers ☐ Data Entry Systems

☐ Distributed Data Processing ☐ Word Processing

☐ All Wang Products

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

COMPANY: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

WANG COMPUTER LTD, P O Box 68 349, Telephone 540 116, Auckland  
P O Box 8848, Telephone 843 262, Wellington

I am interested in more information on Wang  
Data Communication Systems

☐ Computers ☐ Data Entry Systems

☐ Distributed Data Processing ☐ Word Processing

☐ All Wang Products

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

COMPANY: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

WANG COMPUTER LTD, P O Box 68 349, Telephone 540 116, Auckland  
P O Box 8848, Telephone 843 262, Wellington

I am interested in more information on Wang  
Data Communication Systems

☐ Computers ☐ Data Entry Systems

☐ Distributed Data Processing ☐ Word Processing

☐ All Wang Products

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

COMPANY: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

WANG COMPUTER LTD, P O Box 68 349, Telephone 540 116, Auckland  
P O Box 8848, Telephone 843 262, Wellington

I am interested in more information on Wang  
Data Communication Systems

☐ Computers ☐ Data Entry Systems

☐ Distributed Data Processing ☐ Word Processing

☐ All Wang Products

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

COMPANY: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

WANG COMPUTER LTD, P O Box 68 349, Telephone 540 116, Auckland  
P O Box 8848, Telephone 843 262, Wellington

I am interested in more information on Wang  
Data Communication Systems

☐ Computers ☐ Data Entry Systems

☐ Distributed Data Processing ☐ Word Processing

☐ All Wang Products

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

COMPANY: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

WANG COMPUTER LTD, P O Box 68 349, Telephone 540 116, Auckland  
P O Box 8848, Telephone 843 262, Wellington

I am interested in more information on Wang  
Data Communication Systems

☐ Computers ☐ Data Entry Systems

☐ Distributed Data Processing ☐ Word Processing

☐ All Wang Products

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

COMPANY: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

WANG COMPUTER LTD, P O Box 68 349, Telephone 540 116, Auckland  
P O Box 8848, Telephone 843 262, Wellington

I am interested in more information on Wang  
Data Communication Systems

☐ Computers ☐ Data Entry Systems

☐ Distributed Data Processing ☐ Word Processing

☐ All Wang Products

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

COMPANY: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

WANG COMPUTER LTD, P O Box 68 349, Telephone 540 116, Auckland  
P O Box 8848, Telephone 843 262, Wellington

I am interested in more information on Wang  
Data Communication Systems

☐ Computers ☐ Data Entry Systems

☐ Distributed Data Processing ☐ Word Processing

☐ All Wang Products

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

COMPANY: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

WANG COMPUTER LTD, P O Box 68 349, Telephone 540 116, Auckland  
P O Box 8848, Telephone 843 262, Wellington

I am interested in more information on Wang  
Data Communication Systems

☐ Computers ☐ Data Entry Systems

☐ Distributed Data Processing ☐ Word Processing

☐ All Wang Products

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

COMPANY: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

WANG COMPUTER LTD, P O Box 68 349, Telephone 540 116, Auckland  
P O Box 8848, Telephone 843 262, Wellington

I am interested in more information on Wang  
Data Communication Systems

☐ Computers ☐ Data Entry Systems

☐ Distributed Data Processing ☐ Word Processing

☐ All Wang Products

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

COMPANY: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

WANG COMPUTER LTD, P O Box 68 349, Telephone 540 116, Auckland  
P O Box 8848, Telephone 843 262, Wellington

I am interested in more information on Wang  
Data Communication Systems

☐ Computers ☐ Data Entry Systems

☐ Distributed Data Processing ☐ Word Processing

☐ All Wang Products

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

COMPANY: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

WANG COMPUTER LTD, P O Box 68 349, Telephone 540 116, Auckland  
P O Box 8848, Telephone 843 262, Wellington

I am interested in more information on Wang  
Data Communication Systems

☐ Computers ☐ Data Entry Systems

☐ Distributed Data Processing ☐ Word Processing

☐ All Wang Products

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

COMPANY: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

WANG COMPUTER LTD, P O Box 68 349, Telephone 540 116, Auckland  
P O Box 8848, Telephone 843 262, Wellington

I am interested in more information on Wang  
Data Communication Systems

☐ Computers ☐ Data Entry Systems

☐ Distributed Data Processing ☐ Word Processing

☐ All Wang Products

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

COMPANY: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

WANG COMPUTER LTD, P O Box 68 349, Telephone 540 116, Auckland  
P O Box 8848, Telephone 843 262, Wellington

I am interested in more information on Wang  
Data Communication Systems

☐ Computers ☐ Data Entry Systems

☐ Distributed Data Processing ☐ Word Processing

☐ All Wang Products

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

COMPANY: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

WANG COMPUTER LTD, P O Box 68 349, Telephone 540 116, Auckland  
P O Box 8848, Telephone 843 262, Wellington

I am interested in more information on Wang  
Data Communication Systems

☐ Computers ☐ Data Entry Systems

☐ Distributed Data Processing ☐ Word Processing

☐ All Wang Products

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

COMPANY: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

WANG COMPUTER LTD, P O Box 68 349, Telephone 540 116, Auckland  
P O Box 8848, Telephone 843 262, Wellington

I am interested in more information on Wang  
Data Communication Systems

☐ Computers ☐ Data Entry Systems

☐ Distributed Data Processing ☐ Word Processing

☐ All Wang Products

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

COMPANY: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

WANG COMPUTER LTD, P O Box 68 349, Telephone 540 116, Auckland  
P O Box 8848, Telephone 843 262, Wellington

I am interested in more information on Wang  
Data Communication Systems

☐ Computers ☐ Data Entry Systems

☐ Distributed Data Processing ☐ Word Processing

☐ All Wang Products

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

COMPANY: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

WANG COMPUTER LTD, P O Box 68 349, Telephone 540 116, Auckland  
P O Box 8848, Telephone 843 262, Wellington

I am interested in more information on Wang  
Data Communication Systems

☐ Computers ☐ Data Entry Systems

☐ Distributed Data Processing ☐ Word Processing

☐ All Wang Products

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

COMPANY: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

WANG COMPUTER LTD, P O Box 68 349, Telephone 540 116, Auckland  
P O Box 8848, Telephone 843 262, Wellington

I am interested in more information on Wang  
Data Communication Systems

☐ Computers ☐ Data Entry Systems

☐ Distributed Data Processing ☐ Word Processing

☐ All Wang Products

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

COMPANY: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

WANG COMPUTER LTD, P O Box 68 349, Telephone 540 116, Auckland  
P O Box 8848, Telephone 843 262, Wellington

I am interested in more information on Wang  
Data Communication Systems

☐ Computers ☐ Data Entry Systems

☐ Distributed Data Processing ☐ Word Processing

☐ All Wang Products

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

COMPANY: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

WANG COMPUTER LTD, P O Box 68 349, Telephone 540 116, Auckland  
P O Box 8848, Telephone 843 262, Wellington

I am interested in more information on Wang  
Data Communication Systems

☐ Computers ☐ Data Entry Systems

☐ Distributed Data Processing ☐ Word Processing

☐ All Wang Products

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

COMPANY: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

WANG COMPUTER LTD, P O Box 68 349, Telephone 540 116, Auckland  
P O Box 8848, Telephone 843 262, Wellington

I am interested in more information on Wang  
Data Communication Systems

☐ Computers ☐



## Economic thinking

MR PERKINS'S letter (NBR January 24) left me lost, and no doubt many others. As far as I can gather, his sentiments would have been more clearly expressed in the following quotations from Macleod's Elements of Banking, published by Longman a more than 100 years ago. The page references are for the 1894 edition.

- "It may be said that all commercial crises arise out of the excessive creation of that species of Property called CREDIT. What are the due limits of Credit, is a question of the most momentous consequence..." (p.79).
- "It is UNEX-

TINGUISHED CREDIT which produces those terrible monetary catastrophes which scatter ruin and desolation among nations. It is by the excessive creation of Credit that our production is brought about, which causes those terrible catastrophes called Commercial Crises; and the liability of Credit, shops to extinguish the Credit they have created - commonly called the failures of Banks - is the cause of the most terrible social calamities of modern times." (p.110).

3. "Commercial Credit does not rest upon so solid a basis as the certainty of being in possession of money, for then it would be as safe as money itself, and losses would be unknown. It is based upon the expectation of receiving money at a certain time."

4. "The System of Credit is divided into two great branches, Commercial Credit and Banking Credit. In the first, merchants buy commodities by means of Credit, payable at a certain time after date. The second is where bankers buy

these Commercial Debts, or Credits, by creating Credits of their own payable on demand. Commercial Credit is always created terminable at a fixed time, and is always intended to be extinguished at that time. Banking Credit is usually created payable on demand, and must be capable of being paid, if demanded. But it is not intended to be extinguished: on the contrary it is created with the hope and expectation that it will not be extinguished, but that it will continue in existence and do duty as Money. There is no necessity that it ever should be extinguished. It may be transferred from one account to another in the same bank, and from one bank to another to the end of time. It is perfectly possible that much of the Banking Credit which exists at

the present day, may have been created by the very first banks founded in this country, and there is no necessary reason why it should not continue to the end of time. Money is a very expensive machine to purchase and keep up: but Banking Credits cost nothing to create, and they may be absolutely indestructible." (p.120).

5. "It is the sudden failure of confidence and extinction of Credit which produces what is called in commercial language a 'pressure on the money market', and which causes money to be 'tight'. When money is said to be scarce, it does not mean that there is a smaller quantity of money actually in existence than before: there may be more, or there may be less in the country: no one can tell what

the amount of money in existence is: but a great amount of CREDIT, which serves as a substitute, and which is equivalent for Money, is either destroyed altogether, or is suddenly struck, or paralysed, as it were, and deprived of its negotiable power, and, therefore, practically useless." (p.130).

6. "It is therefore not the scarcity of money, but the extinction of confidence, which produces a pressure on the money market; and an examination of all the great commercial crises in this country, will show that they have always been preceded, and produced by a destruction of Credit, which has usually been brought about by extravagant overtrading." (p.132).

7. "It has frequently been observed that all great inventions have an equalising tendency: the invention of gunpowder equalised the condition of the poorest soldier and the wealthiest knight, and it destroyed the supremacy of the knights; the invention of printing opened up the paths of knowledge to the poorest as well as to the rich, and destroyed the supremacy of wealth in the acquisition of science; the invention of steam and railroads has equalised the means of locomotion to the humble and to the wealthy; the invention of Credit has destroyed the supremacy of Money, and has provided the means for the most humble to place his foot on the ladder of opulence. It is a matter of common observation that nothing is so difficult as the first step to wealth: that many men could get on if they could only make a beginning. Now Credit supplies the means of attaining that first step to all Credit is a mighty power, and no doubt, like other great engines, is liable to be abused; but it is entitled to take rank with gunpowder, printing, and steam, among the marvels of human ingenuity; and it has been the chief cause of the magnitude of modern commerce." (p.142).

C.T. Reid  
Papatoetoe

## Retail revenue running out?

AUCKLAND'S two dailies - the Auckland Star and the New Zealand Herald - are being threatened with a loss of a huge slice of their retail advertising revenue.

Disappointed with what they see as excessive and arbitrary advertising rates, a significant number of major retailers are seeking cheaper advertising alternatives.

Five new large-circulation throwaway papers will blanket the greater Auckland area in the next two months offering the retail advertiser reader-ship numbers rivalling those of the Herald but at cut-rate prices.

Both Auckland dailies rely heavily on retail advertising revenue, but the loss of revenue will probably fall most heavily on the Star.

Both papers have also been losing staff to the new publications.

The move away from the dailies began with closeted meetings of some of the city's largest retailers looking for cheaper advertising. These meetings resulted in a deal with Business News Media, which also publishes the Herald and Pakuranga Times to produce a 20-page, 250,000-circulation giveaway.

The paper will be called Real Value. The advertisers have contracted to supply ads for six months.

Advertisers which already have signed up are Foodtown, Hugh Wright Ltd, McKinnies, George Courts, Rendalls, Smith Brown and Maple, Layne and Co and Martin Stockline.

It is understood that these retailers will withdraw the bulk of their advertising from the Auckland Star. The Herald, with its wider circulation, is not expected to be so seriously affected by the new publication.

The retailers involved will

be advertising products that do not directly compete with one another, according to some sources.

The paper will be launched on March 1 taking the form of a bargain hunter's guide. The paper will carry no editorial content.

Also in March, the giant Woolworths chain (now merged with L.D. Nathan) will withdraw all its retail advertising from the dailies and go it alone with two giveaway householders aimed at its 750,000 customers.

Woolworths has been dissatisfied with the dailies' retail advertising rates, and with the Newspaper Publishers Association's refusal to pay its advertising agent (Colsons) a 20 per cent commission on retail ads.

NPA papers pay agencies a 20 per cent commission on notional advertising but not on retail ads.

Radio and TV pay the 20 per cent commission on all agency-placed advertising retail or national.

A Woolworths spokesman estimated that the cost per customer of producing the householder was 0.6 cents cheaper than newspaper advertisements.

Radio Pacific managing director Gordon Dryden is behind two separate publishing ventures, both of which threaten to draw off advertising from the dailies.

On April 1, Radio Pacific will launch its 32-page, 240,000-circulation throwaway. This paper will contain 20 pages of ads and 12 pages of editorial copy.

Working in close conjunction with Radio Pacific, the paper will promote the radio station, and the station the paper.

Dryden said the paper might run a story containing information essential to answering a quiz programme question on Radio Pacific, for example.

He said the paper would first be given a fair week trial run. Dryden has been wooing



Journalistic staff away from Auckland's dailies to run his papers and radio station further straining relations between Radio Pacific and the dailies.

Dryden recently resigned from the board of Vidcom, a TV production unit owned by New Zealand Newspapers, which also owns the Auckland Star.

Radio Pacific programme director and freelance journalist Gordon McLauchlan is unlikely to write as much for the NZ Herald as in the past.

Radio Pacific sports editor Tim Bickerstaff has also been busy setting up four sports papers to be linked with Radio

Pacific.

Nucleus to this deal is the 24-page, 24,000 circulation, County Sport distributed in the South Auckland counties. This paper is owned by Merv Codlin.

Bickerstaff has been negotiating with Codlin to set up a holding company to manage County Sport plus three additional sports papers.

This holding company would have a 51 per cent controlling interest held by Codlin, and a 49 per cent interest held by Radio Pacific.

Codlin said he wanted three- to six-month advertising contracts for retail ads before committing himself to the deal.

If sufficient advertising support is forthcoming - and Codlin said the initial response has been overwhelming - three more sports papers will be established. These will be Southern Sport, based in Otago, with a 43,000 circulation, Shores Sport, based on the North Shore with a circulation of 43,500, and Western Sport, with a 40,000 circulation.

Codlin said he had three new editors writing in the wings. Bickerstaff said these

papers would comprise 80 per cent advertisements and 40 per cent editorial. Five per cent of the advertising space would be reserved for cross promotion with Radio Pacific, he said.

Bickerstaff explained: "Newspapers are not allowed to own radio stations, but there is no law against a radio station owning newspapers." Bickerstaff said the papers would cover the largely neglected area of county sporting events.

The immediate advantages of all these new throwaways to the retailer is first of all the cut-rate advertising rates. In the case of a localised suburban advertiser, the large circulation dailies force him to pay for ads that go to readers well outside his area from which he draws his customers.

The average readership per copy of a throwaway is about three people.

The obvious danger for the advertiser is that the throwaway might be exactly that - a paper which makes a fast trip from the post box to the rubbish bin without being read.

But the publisher can largely overcome this danger by providing good editorial

coverage, promotions, or coupons to be clipped by the bargain hunter.

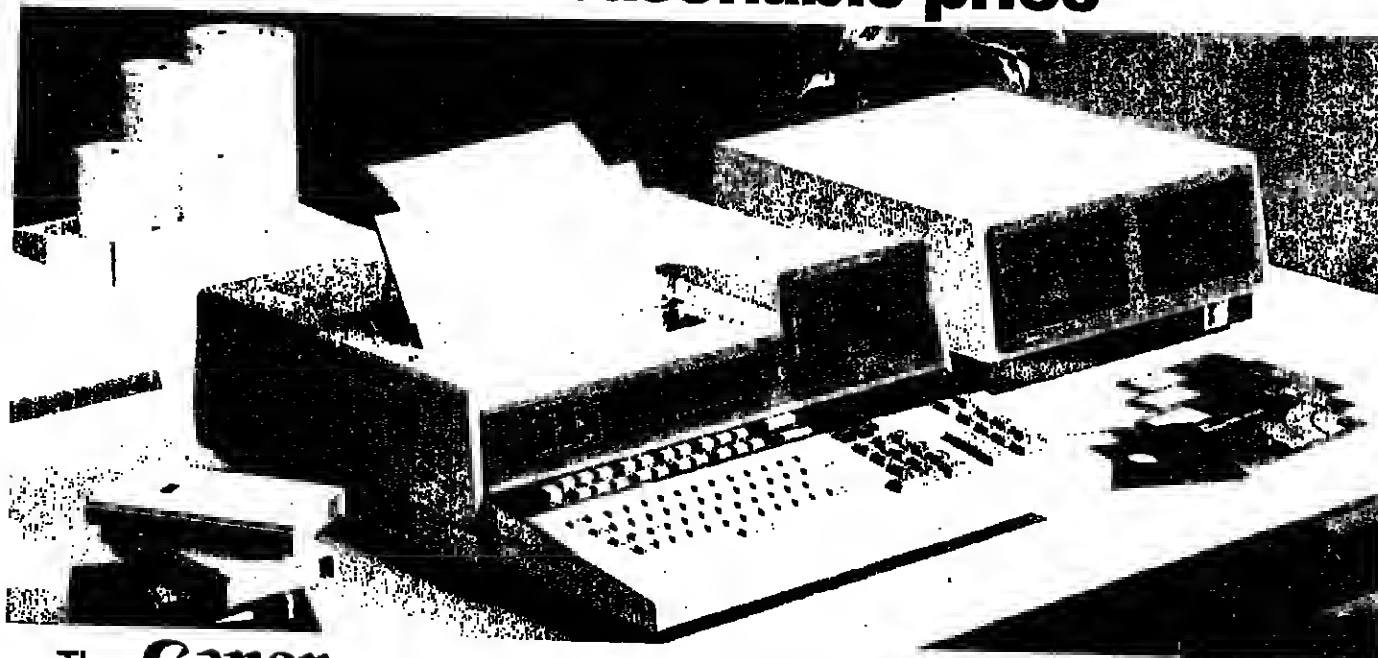
## Cook discovers London

TOM COOK, who as former chief executive of Vidcom was a well-known and popular figure in the Auckland advertising world, is now flying the video banner in London. With partners Jessien Skippon and Ian Abrahams, he has set up an "independent television production and facilities consultancy" called Skippon Video Associates Ltd.

The company describes itself as a video consulting company offering production and creative direction for commercial, programmes and special projects for broadcast and non-broadcast television communications.

Cook seeks to bridge the gap between agencies and the wide range of highly diversified facilities companies. With more than six million pounds invested in video equipment in London, outside of broadcast, he sees a good potential for development in this field.

## The Canon BX-1 offers... SPEED, SIMPLICITY, EFFICIENCY, all at a reasonable price



The **Canon BX-1** Desk Top Computer System gives you:

- **SPEED:** If you still use Manual Accounting systems, the increase in turnaround will amaze you.
- **SIMPLICITY:** The **Canon BX-1** tells the operator what to do at each stage so mistakes are now eliminated.
- **EFFICIENCY:** Increased speed, simplicity of operation add up to more efficiency
- **A REASONABLE PRICE:** When you talk to one of our representatives you will be pleasantly surprised to discover how little it costs to own a **Canon BX-1**. Why not call us today?

The **Canon BX-1** Desk Top Computer is sold & serviced by **Kerridge Odeon Business Equipment**.

AUCKLAND  
246 Queen St.  
Ph. 796-780

WELLINGTON  
Embassy Theatre Bldg.  
Ph. 850-448

CHRISTCHURCH  
156 Bealey Avenue.  
Ph. 60-222

### AGENTS THROUGHOUT NEW ZEALAND

AGENTS:-  
WIRANOAIRE  
M.A. Egan & Co. Ltd.  
Ph. 84-979

HAMILTON  
McNeill Office Equip. Ltd.  
Ph. 82-105

TAURANGA  
Bay of Plenty Typewriter Co. Ltd.  
Ph. 85-607

ROTORUA  
H.A. Holmes & Co. Ltd.  
Ph. 88-614

WAIROA  
Directus International  
Ph. 7587

HASTINGS  
Hastings Office Equip. Ltd.  
Ph. 82-105

PALMERSTON NORTH  
Barlow Electronics Ltd.  
Ph. 81-048

WANGANUI  
Odeon Business Equip. Ltd.  
Ph. 57-534

NEW PLYMOUTH  
Lambert Ltd.  
Ph. 83-687

NELSON  
Telegraph Supply Co. Ltd.  
Ph. 87-189

THAMES  
Dowell Office Supplies Ltd.  
Ph. 81-189

OWEN  
Generation Associates  
Ph. 70-128

Ring today and ask to speak to one of our problems solvers or post this coupon NOW for more information

NAME .....

COMPANY .....

ADDRESS .....

To: **Kerridge Odeon Business Equipment**  
246 Queen St. Auckland.  
P.O. BOX 2191 AUCKLAND.

AUCKLAND 796-780 CHRISTCHURCH 60-222  
WELLINGTON 850-448

## Punitive damages

IN your issue of December 13, 1978, you published an article in your Insurance column on punitive damages. In it you referred to the Products Liability Insurance Scheme promoted by this company and mentioned that the consortium excludes punitive damages from the protection.

This in fact was the original intention; however, since that date the decision has been reviewed and, in line with the majority of local companies on the US market, the protection provides cover for punitive damages for claims made in those states which do not specifically prevent insurance of these damages.

The action of Ford's insurers apparently goes deeper than the punitive damages question, as Ford now has been indicted in the State of Indiana on criminal charges arising out of this case.

Perhaps you would be good enough to make reference to this change in cover as soon as possible in order that any possibility of your previous articles being misleading is avoided.

P.D. Jamieson  
The New Zealand  
Insurance Group

## Participation... key to greater productivity



## N.Z. case-studies in important, new management methods

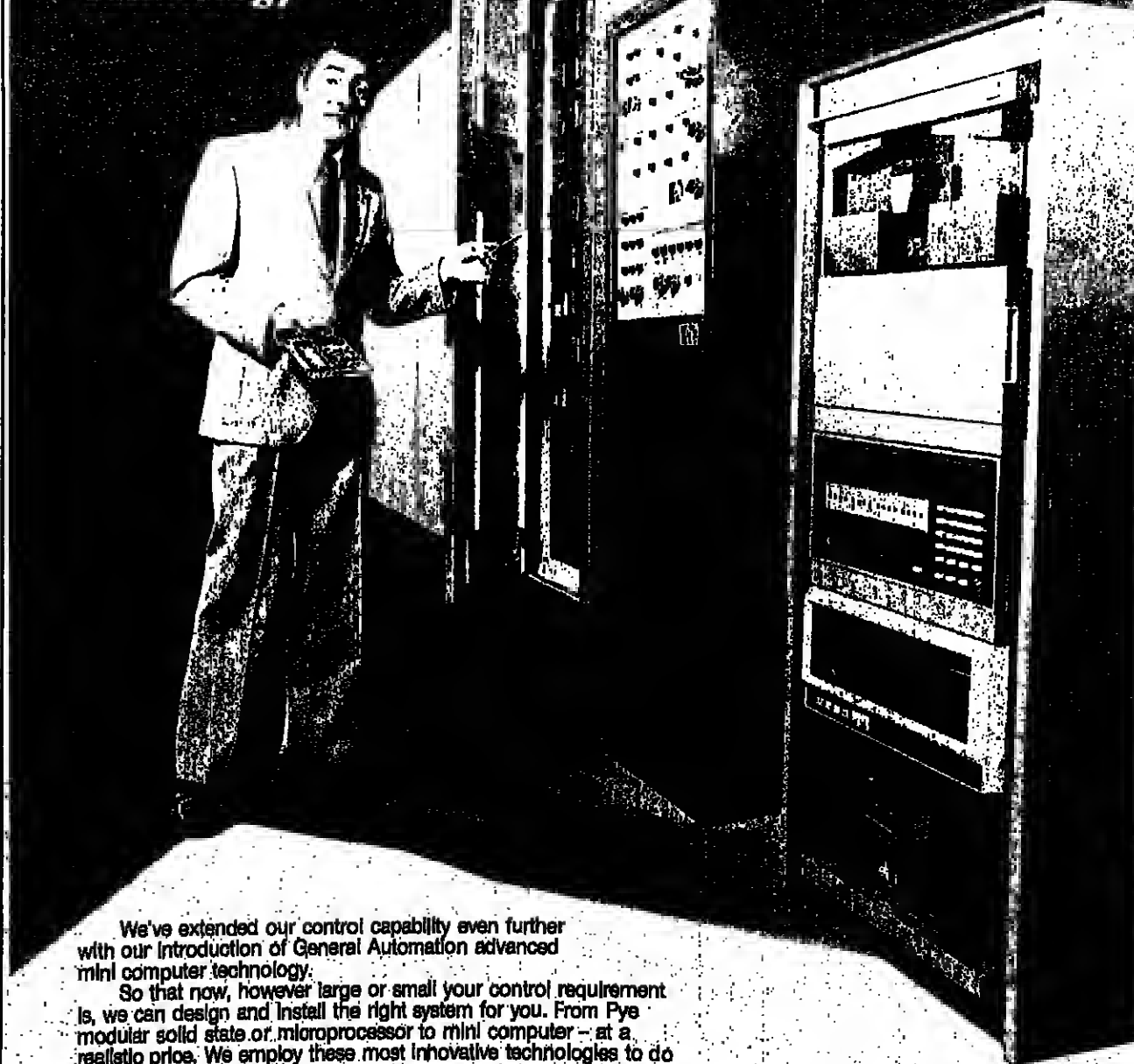
"It is imperative that we re-orient our work organizations to the radically changed circumstances we face as a country."

So says Roy McLannan, senior lecturer in Business Administration at Victoria University, and editor of *Participation & Change in the New Zealand Workplace*. This important new book is intended to help New Zealanders develop insight into methods which can transform the performance of our enterprises, and the satisfaction people get out of their work.

In a highly readable introduction, McLannan explains how participation and change, or 'Organization Development', works in theory... than three New Zealand pilot studies show what happens in practice as well.

*Participation & Change in the New Zealand Workplace*, published by Fourth Estate Books. Only \$4.95 at all good bookshops, or direct from Fourth Estate Books, P.O. Box 9344, Wellington. (See Fourth Estate Subscription Service coupon elsewhere in this issue.)

## Pye electronic control system capabilities expand by latest developments in mini computer technology.



We've extended our control capability even further with our introduction of General Automation advanced mini computer technology.

So that now, however large or small your control requirement is, we can design and install the right system for you. From Pye modular solid state or microprocessor to mini computer - at a realistic price. We employ these most innovative technologies to do the job - and do it right.

You'll see we're the problem solvers. No matter how small your are, or how big you're growing, we have the system to grow with you. Give our control systems capability a close looking over.

For detailed information please contact the Sales Manager, Industrial Electronics, Pye Limited, P.O. Box 2839, Auckland.





# Australia moves to nullify US anti-trust laws

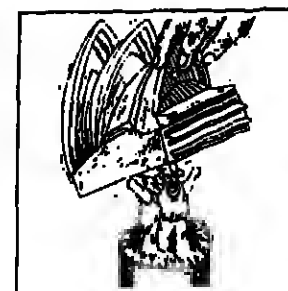
**Melbourne Correspondent**  
A RECENT declaration by a United States court that four Australian mining companies are in default in a multi-million dollar anti-trust case has prompted the Australian Government to prepare legislation rendering any particular foreign judgment unenforceable within Australia by order of the Attorney-General.

The proposed legislation is a counter to what the Australian Government sees as increasingly vigorous attempts by the United States to extend the application of its anti-trust laws to Australia. The Australian Attorney-General, Senator Durack, argues that it is against the national interest for Australian companies to be crippled by the multi-million dollar damages often entailed in anti-trust cases. Four Australian mining companies — Conzinc Riolinto, Mary Kathleen Uranium, Pancontinental Mining and Queensland Mines — are

among nine foreign companies accused by Westinghouse Corporation of the United States of forming a cartel to raise uranium prices.

A United States court has now granted Westinghouse a default judgment against the nine foreign companies for an amount to be determined later by the court, but the Australian companies claim they have no United States assets, and their non-appearance in the court was on legal advice that the United States judgment would not be enforceable within Australia.

This legal strategy was a confident anticipation of the Australian Government's proposed legislation to protect Australian companies from United States anti-trust decisions. Though the defendants claim to have no direct United States assets, one company, Conzinc Riolinto, has a number of partly-owned United States subsidiaries: American Zinc Co., Pasco Holdings, Pacific Zinc Co., and Pacific Smelting Co. Another defendant



THE AUSTRALIANS

company, Pancontinental Mining, is in partnership with Getty Oil of the United States. Through the proposed legislation of the Australian Government, these Australian companies, and others found to be in breach of United States anti-trust laws, may avoid within Australia the massive damages imposed by United States courts, but only at the cost of jeopardising their future business in the United States.

Officials of the Australian Attorney-General's office in

Canberra conceded that such companies would be well advised to stay clear of dealings in the United States. Australian Government Ministers say the proposed legislation is not an attempt to provide Australian companies with total protection in Australia from all applications of United States anti-trust laws. But an order granting the non-enforcement of a United States court decision will be made by the Australian Attorney-General, and can be disallowed in Australia only by either House of Parliament.

In dealing with the Australian exporters of uranium, coal, iron ore, bauxite, and other raw materials, how is the American purchaser to know in advance whether or not a United States court judgment in his favour will be enforced in Australian courts? No American utility could forecast which Australian mining company will be granted exemption by the Australian Attorney-General from any United States anti-

trust decision. If it contracts with an Australian company seeking direct assets in the United States, then the American utility may, or may not, have the protection of its country's anti-trust laws, according to the inclination of Australia's Attorney-General.

For this reason, on element of risk has now entered the United States market's dealings with Australian mining companies, some of which will undoubtedly be afforded protection by the Australian Attorney-General in the near future, but only at the expense of all Australian mineral exporters to the United States, who could experience greater difficulty in future selling there.

No minister in the Australian Government has yet explained how this result is compatible with Australia's national interest. Neither, on their part, are Australian mining companies free from the arbitrary interference of the Australian Attorney-General into their affairs.



SENATOR DURACK ... court decision.

Given that two rival companies are both found on separate occasions liable for massive damages by a United States court, will it be held by the Attorney-General to be in the national interest that the United States plaintiff be allowed to recover multi-million dollar damages in one case, but not the other?

# Audience-wooing role seen for Arts Council

by Bute Hewes  
DURING the election campaign in his Remuera constituency, Allan Hight was asked a long question which might have been condensed to: "Are we, the general public, getting the best possible value for money spent by the Arts Council?"

Hight, a keen and knowledgeable Minister for the Arts, sprang to the defence of the council with a reply which said, in essence: "Yes, it's always done a first-class job."

But it was a valid question which deserves more examination than was possible at an election meeting. Is the Arts Council really serving the needs of the widest possible public?

Founded in 1963, the council's function was neatly summed up in the phrase "to foster the arts". At that time, certainly, they needed all the fostering they could get.

Money was seen as the answer to everything. The Government gave the Arts Council an annual allocation, and some of it was used to send painters, actors, musicians, singers and dancers overseas to learn their crafts.

Grants were given to promising artists to enable them to get established on a full-time basis, rather than working by day on other jobs and by night on their arts.

Subsidies were given to theatres, like Wellington's Downstage and Auckland's Mercury, to enable them to get started. It was a pump-priming operation, very necessary in the mid-1960s. The interpretation placed on that phrase "to foster the arts"

was that artists themselves needed fostering, and this was undoubtedly right at the time.

Thanks to the excellent groundwork done by the Arts Council in developing professional artistic talents, the arts now exist in New Zealand. But the task is not over yet.

The thinking behind all those grants and subsidies was that in a country with a small, thinly-spread population, the total audience was not enough to make the arts self-supporting, so a cash injection was needed to compensate for this.

It did not seem to occur to many people that another need existed — to stimulate and foster greater public appreciation and enjoyment of the arts, to build up an audience.

Without an audience, the arts cannot flourish. People have to be enticed into theatre-going habits, into the discovery of enjoyment in art galleries and symphony concerts.

That too is part of the responsibility of the Arts Council and it is one on which more emphasis is now needed. The council itself has to practice the art of gentle persuasion.

So far, it has been too busy fostering the artists, perhaps merely hoping that an audience would grow automatically. That has happened, certainly, but not to the extent necessary.

Theatres still do not attract enough paying patrons. Art galleries are never crowded. Symphony orchestras are struggling to survive. Opera died for lack of public support.

and ballet nearly went with it. Gradually, it has come to be recognised that encouraging good artists is not enough. Good artistic administration and promotion must be developed too.

The Arts Council is not a promotional body in the sense of producing and presenting performances. It does arrange art exhibitions from time to time and send them travelling round New Zealand galleries, but that is as far as it can go.

This is probably right, and there is no quarrel with the council on that score. Few people would welcome Soviet-style arts in New Zealand, with actors, musicians, singers and dancers as salaried public servants.

But there is a positive role the council could, and perhaps should, play as a co-ordinator and publicist for the arts, giving them practical assistance in ways other than subsidies.

A few years ago, a courageous attempt was made to develop a modest professional ballet company in



ALLAN HIGHT ... keen.

Auckland. It struggled for a brief time, then collapsed.

Lack of money was only part of the reason. Equally important was that, although its artistic direction was all anyone could wish, lack of skilled professional management and audience-wooing promotion was a major handicap.

The Arts Council subsidised it for a time, then abruptly withdrew that support when it

became evident that the young enterprise was not as administratively secure as it should be.

Here was a case where a practical helping hand from the council's own staff, nursing along the management side, might have made all the difference between success and failure. But the council did not lift a finger, let alone a hand, to help.

There are other examples like that. In Hight's own Remuera constituency, the demise of the Little Central Theatre, for similar reasons, has not been forgotten.

Expert management is usually not available to small arts enterprises — and most are very small — because they simply cannot afford it. That is where the Arts Council could step in, offering the services of its own staff as management advisers, aiming always at stimulating public interest and building an audience.

The present council staff is too slender to take on such work. It has always been deliberate policy to keep the

staff small, so that nobody can accuse the council of diverting funds into its own administration and away from grants.

But the time has come to reconsider that, with a view to developing the council as a servicing organisation rather than one primarily concerned with distributing hard cash.

If only it could entice more New Zealanders to use their theatres, concert halls and art galleries, that would be money well spent for public enjoyment.

Perpetual subsidies to compensate the arts for lack of an audience are no longer enough by themselves. They pay for empty theatre and concert seats, when the real aim should be to fill those seats.

That, perhaps, is the role the Arts Council should now assume with a deliberate campaign to attract more people to enjoy the arts. That way, it would bring the greatest possible benefits to the widest possible public — good value for money indeed.



Edson U. de Castro, President, Data General Corporation.

## "WE MAKE COMPUTERS THAT MAKE SENSE FOR BUSINESS. AND WE'RE READY TO PROVE IT AGAIN."

In the last 10 years, we've sold tens of thousands of computers that make sense to business people. Today, Data General begins a new era in commercial computing. With the introduction of new commercial software capabilities for our ECLIPSE® series. Which make our ECLIPSE data systems even more cost-effective, expandable, flexible and easy to use, especially in distributed processing.

This new commercial software combined with our proven multiprogramming capability allows our ECLIPSE data systems to use every one of our data processing languages simultaneously. Which means our systems can use COBOL, PL/I, RPG II and all of our other languages in support of your day-to-day operations by running on-line, transaction-driven and time-sharing tasks, as well as summary reporting. At the same time, the system can schedule other batch processing, along with independent new application development.

The bottom line is that it has taken Data General to make this giant computer capability affordable. An ECLIPSE data system with our new commercial multiprogramming capabilities costs far less than similar systems.

If you want a computer system that helps solve your DP manager's daily problems of productivity and flexibility, it makes more sense than ever to talk to us. The coupon below will bring you the proof: our new brochure for business people or, if you prefer, a personal visit by a representative.

**Data General**

Name \_\_\_\_\_ Company \_\_\_\_\_ Title \_\_\_\_\_ Tel. \_\_\_\_\_

Address \_\_\_\_\_ City \_\_\_\_\_

Data General New Zealand Limited, 24th Level, Williams City Centre, Plimmer Lane, Wellington.  
P.O. Box 9735 Wellington, N.Z. Telephone 723 095 Telex NZ31002  
2nd Floor, Aetna Life Building, St Paul Street, Auckland, P.O. Box 5175, Auckland, N.Z. Telephone 30 294 Telex NZ21793  
P.O. Box 16-264 Christchurch, N.Z. Telephone 499 005

## Ambassador given Colombia job

NEW ZEALAND'S Ambassador in Peru, resident in Lima, Gordon Parkinson, is to also represent New Zealand in Colombia. The Government of Colombia proposes to accredit its Ambassador to Japan, resident in Tokyo, to represent it in New Zealand.

The appointment extends New Zealand's representation in South America at a time when there is growing concern about our failure to set up diplomatic posts in Africa. This failure both hampers trading opportunities with Africa, but also compounds the difficulty of having our sports policy understood there.

Parkinson's appointment follows the announcement last year that the Governments of

Colombia and New Zealand had agreed on the establishment of diplomatic relations between the two countries at ambassadorial level, with non-resident Ambassadors.

According to the latest official Yearbook, New Zealand exports to Colombia totalled \$1,552,000 for the year ended June 1977, while imports were valued at \$159,000.

For the year ended July 1978, exports of milk, cream, crude vegetable matter, machinery and parts, and measuring apparatus totalled \$2,955,000.

New Zealand's biggest import from Colombia last year was coffee, valued at \$57,711. Total imports dropped to \$466,908.

## THE ASIA PACIFIC RESEARCH UNIT LTD

### "Exporting to Japan"

The Asia Pacific Research Unit are pleased to announce the forthcoming visit to New Zealand of Mr Toshio Yoshimura, of Japan, Editor of "Asia Pacific Forum", the monthly trade and political journal of Asian and Pacific Affairs.

The Export Institute of New Zealand and the Auckland and Wellington Manufacturers' Associations, with the Asia Pacific Research Unit, invite you to meet Mr Yoshimura and hear him speak on "Economic Trends in Japan and the Implications for New Zealand's Future"

at a Workshop

Tuesday February 27, 1979, 2.30 — 8.30 p.m.  
Conference Room, Epsom Showgrounds, Greenland Road, Auckland.

a Seminar

Friday March 2, 1979, 10.00 a.m. — 2.15 p.m.  
Conference Room, 3rd Floor, Industry House, Cnr Courtenay Place and Allen Street, Wellington.

If you would like to attend either of these functions, please reply, mentioning any specific queries you may have, to P.O. Box 3578, Wellington (Ph. 850-237 Wellington, Ph. 792-107 Auckland).

## ASIA PACIFIC RESEARCH UNIT

Consultants In International Trade Development

THINK ..... COMPUTERS  
THINK ..... WORD PROCESSING  
THINK ..... SERVICE

THINK ..... **WANG** .....  
COMPUTER LIMITED  
PHONE Auckland 540116 Wellington 843-262

## THE REAL MULDOON

BY SPIRO ZAVOS

### WHAT THE REVIEWERS ARE SAYING

"The Real Muldoon is much more rewarding than the Prime Minister's own two dismal attempts at autobiography. It reads particularly well. The style is energetic, witty and trim, and the book is put together well."

W. P. Hewes, Hamilton  
Allister Hume, Manawatu Evening Standard

"Zavos is a perceptive observer, a master of the probing phrase, the analytical paragraph."

Atkin Hume, Manawatu Evening Standard

"Of all the weighty issues, The Real Muldoon raises, it's odd that Mr Muldoon now seizes on this in trying to discredit the whole commentary."

Mal Inghill, Waikato Times

"... the book ... usefully illuminates several aspects of an exceedingly complex character."

P. J. Schen, N.Z. Herald

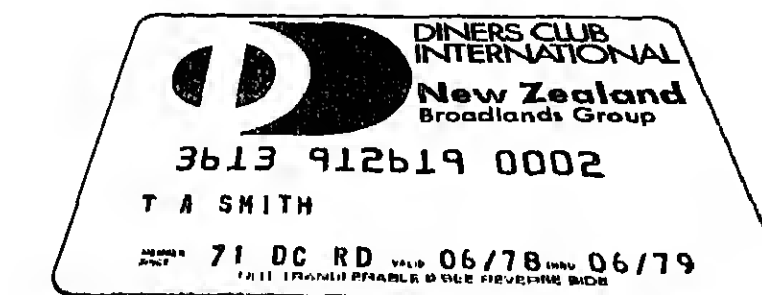
"To all who are fascinated or repelled by our Prime Minister, this book is recommended reading."

N.Z. Herald, Bay of Islands Tribune

"The Real Muldoon is the first objective biography of a New Zealand Prime Minister. It sets a high standard for his successors."

Theresa Agnew, Southland Times

ONLY 10c AT ALL GOOD BOOKSHOPS  
OR DIRECT FROM FOURTH ESTATE BOOKS, P.O. BOX 534, WELLINGTON.



## Diners Club: The top people's credit card.

Not everyone can carry a Diners Club Credit Card — we have to be selective. Why? The Diners Club Credit Card can be used in many ways ... for travel at home or abroad ... for instant charge account facilities at the finest hotels, restaurants and stores ... for immediate credit at home and overseas. But it doesn't mean we restrict membership to millionaires and Heads of State.

Far from it. We welcome men and women with comfortable incomes. People who have proved that they have a responsible approach to handling money. That's all we ask.

Benefits of membership include generous travel accident insurance when you charge travel to your Diners Club Credit Card. Lounges in Auckland and Wellington for members to relax in when they are out of town. Instant buying power at home or in 150 countries throughout the world.

Diners Club Credit Cards have been described as the top people's credit card. We think it is the top credit card for you.

APPLICATION FOR PERSONAL MEMBERSHIP		DATE	
POST TO DINERS CLUB (NZ) LTD, P.O. BOX 128, AUCKLAND. TELEPHONE 773-188			
I hereby apply for the issue to me of a Diners Club credit card and I agree to be bound by and to accept the sole and conclusive terms of the contract between Diners Club (NZ) Limited and me on the terms and conditions in relation thereto which are available for my inspection at the offices of Diners Club (NZ) Limited. Auckland a copy whereof I understand will be forwarded to me with my credit card. I agree to accept all charges incurred by me and/or in any way arising from the use of my credit card and to pay the same forthwith. I accept that should my application be declined that there is no right of appeal and that no reason need be given.			
FORENAME		SURNAME	
DATE OF BIRTH		MARITAL STATUS	
PRIVATE ADDRESS		HOW LONG AT ADDRESS	
DO YOU OWN YOUR HOME? <input type="checkbox"/>		PURCHASING YOUR HOME? <input type="checkbox"/>	
PREVIOUS ADDRESS		ARE YOU A TENANT? <input type="checkbox"/>	
HOW LONG AT ADDRESS		BOARDING? <input type="checkbox"/>	
NAMES OF COMPANY OR EMPLOYER		OCCUPATION	
PREVIOUS EMPLOYER		OCCUPATION	
LENGTH OF SERVICE		ANNUAL SALARY	
LENGTH OF SERVICE		ANNUAL SALARY	
BANKERS NAME & BRANCH		ADDRESS FOR A/C & OTHER CORRESPONDENCE	
ANNUAL FEE \$20.00 WILL BE CHARGED TO A/C SEND NO MONEY NOW.		SIGNATURE	
NBR: 14-2			